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

DONALD B. KURSCH

Interviewed by Charles Stuart Kennedy

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Q: This is the 24th, September, 2003. This is an interview with Donald B. Kursch. This is being done on behalf of The Association for Diplomatic Studies and Training and I'm Charles Stuart Kennedy. Do you go by Don?

KURSCH: Yes

Q: Well, let's sort of start at the beginning? When and where were you born?

KURSCH: I was born in Brooklyn, New York, in 1942, September.

Q: OK. Tell me something about your family on both sides, first on your father's side. Where does the name Kursch come from?

KURSCH: It probably comes from Germany. But my father is a New Yorker from Manhattan in New York City. His grandfather fought in the American Civil War in the Union Navy. He enlisted in 1863, at about the time of the draft riots. His mother's family came from Ireland. My mother's family, her father was from upstate New York, and her mother was from New York City, originally from Germany, and my grandfather came from upstate New York to Long Island in 1910 to teach school.

Q: Did your father go to college? What did he do?

KURSCH: My father was a schoolteacher, my mother was a schoolteacher, my grandfather was a schoolteacher, and my uncle was a professor of education. So that was the family background. Although, my dad really was originally a worker. He dropped out of school when he was 12; went back to high school when he was 19. He was a good boxer and football player. He ended up getting a scholarship to Columbia and graduated from Columbia University in 1940 just in time for WWII.

Q: Was this the time of Sammy Baugh and all that sort of thing?

KURSCH: Well, I think it was Sid Luckman.

Q: I mean Sid Luckman.

KURSCH: Sid Luckman was the big Columbia football hero.

Q: Oh, yeah.

KURSCH: But my dad, he passed away in 2001, but he was actually a prize fighter, and was recruited by Gene Tunney to join the US Navy as a physical education instructor. He ended up getting a master's degree from Columbia teacher's college in phys ed, so he had the happy circumstances of five years in the Navy as an officer during the war, and never left New York, except for basic training.

Q: This is... your father is on the team during the glory days, wasn't it? I mean before Columbia essentially gave up football. But they had a great team.

KURSCH: Yes, in the 1930s, they actually won the Rose Bowl once. Lou Little was the coach. He was still in his declining years when I was a kid. I used to go to their football games. I didn't go to Columbia. My dad wanted me to go.

Q: Where did your mother go to school?

KURSCH: My mother went to Barnard.

Q: Oh, so you're a real New Yorker.

KURSCH: Yes. I was really...

Q: Did you grow up in New York?

KURSCH: I grew up on Long Island. I lived in Levittown as a kid, and my father was a teacher in Westbury, Long Island for over 30 years. My mother was a teacher in Garden City. So, I went to public schools in Long Island.

Q: Tell me about Levittown. Of course, this is the big experimental, the first real subdivision, I guess, wasn't it?

KURSCH: Yes

Q: How was it growing up as a small kid, how did you find Levittown?

KURSCH: It was a wonderful place for families who came from the city. My cousins would come out from New York, and they would say, "We're in the country." Levitt produced inexpensive housing for war veterans. I think my parents paid $35 a month rent for the house. But, the Levitts also allowed plenty of public property for swimming pools, softball fields, and churches. We had our Cub Scout troop in the Community church. Levittown was a well planned community. Neighbors were quite friendly. We used to play softball in the back yards and nobody complained. There weren't any fences around property. It was actually quite nice. My dad ended up I think being the neighborhood dad. He organized the softball games for the kids. Gave us all nicknames.

Q: What sort of things did you find as a young kid by the time you hit the elementary school were you interested in?

KURSCH: Well, I was very much interested in history, geography and travel. My mother got me the National Geographic I think when I was nine years old, or ten years old. And this is how I got interested in other cultures and countries. We never really went anywhere because we didn't get a car until I was nine, and we didn't have a TV until I was about 13 or 14. We were always the last family on the block, it seemed, to get new things. But I was very curious about other countries and also about history. There used to be a wonderful program called "You Are There"... do you remember that program?

Q: Yes, oh yes, yes.

KURSCH: At first it was on the radio, and then it came on television, and I listened to that with great religiousness.

Q: Yeah. Well, as you went through school, were you involved in sports?

KURSCH: Oh, yes. I played football, wrestling, track, in high school in particular. I did some sports in college. Unfortunately, I wasn't quite as competitive, so I did more intramural sports in college. I also did some sports announcing. I liked that.

Q: What about in studies? How were you... how was math, and things like...?

KURSCH: In high school, I was OK, actually. I got actually better SAT scores in math than I did in English. But I spent the time between Junior and Senior years working for a defense contractor at a plant on Long Island with a bunch of engineers who were trying to get guys to major in electrical engineering. And watching what they did made me decide that that's not where I wanted to spend the rest of my life.

Q: Yeah. Well, what were the politics of your parents?

KURSCH: Well, my father would have regarded himself as a progressive. Strong FDR man, had been a union organizer as a young man, an original member of the transport workers union. So he was quite left of center in his younger days. My mother's background, her father was an upstate New York Republican, who I'm sure regarded my dad as a dangerous radical. They got along over time. My mother voted the way my father did.

Q: Did the outside world intrude... I'm thinking beyond New York... intrude on your house... sit around talk about public affairs, newspapers...

KURSCH: We did a lot. I remember the McCarthy period very well. My father of course was very anti-McCarthy. He'd bring these professors out from Columbia to give presentations to the parent-teacher organization in Westbury Long Island, and that at times would create some controversy. He was the leader of the teacher's union, quite remarkably, when he didn't have tenure. One of the things that he was able to do was negotiate the best salary package for teachers in the United States. When the superintendent tried to get rid of him, and he ended up getting rid of the superintendent, which was quite remarkable when I think back about that.

Q: Were you much aware of the union-establishment clash at all?

KURSCH: I guess I was somewhat aware of it. I was certainly aware that there were a bunch of old families in town who tended to control the school board. Then we had a big migration out of New York City, and the people who came in gradually gained control of the public schools, and I think my father was much more comfortable with this latter group of people. So we went through that change. But the schools were quite good in Westbury in the 1950s. I think of my own public high school, and where the kids from that school went to college. We did quite well. Two people in my class went to Harvard, several went to Columbia, people went to Princeton. We did quite well for a small public school.

Q: Can you think of any teachers who were particularly memorable?

KURSCH: Yes, I guess I had good math teachers, I liked the math teachers. We had pretty good science teachers and English teachers. The school was good quality. It wasn't as good as my daughter's high school-my daughter ended up going to private school-when I compare her experience and mine. However, the school was very adequate. It was also reasonably small. We had about 200 kids in our graduating class, so you had a chance to be a big fish in a small pond.

Q: Did you do a lot of writing?

KURSCH: A lot of writing.

Q: Yeah.

KURSCH: Well, I mean, we wrote essays. I used to write primitive poems. My dad always did that. I still do that a bit on birthdays. I wrote occasionally for the school newspaper and yearbook.

Q: While you are in high school, you say you looked at electrical engineers and that didn't... what were they doing that you thought was pretty... didn't attract you?

KURSCH: I think working in a laboratory all day with things didn't really appeal to me that much. I remember my mother bought me a chemistry set once when I was young, and that didn't appeal to me a lot. I did like maps. I liked to draw maps and I made up imaginary countries and their histories and things like this. But, I mean, science, I did all right in the classes, but I didn't really get turned on by erector sets and chemistry sets, nor by electrical engineers.

Q: You graduated from high school when?

KURSCH: 1960.

Q: Did you get involved in the election campaign of 1960? I mean personally, or just intellectually or not? Did that hit your family in that area? This is the Nixon-Kennedy campaign.

KURSCH: My father was a big Stevenson man. And so, we were certainly sympathetic to the Democrats and Nixon was the person that Stevenson people didn't like very much. I guess that they had hoped that Stevenson would be nominated for a third time, but once Kennedy was chosen they supported him. Kennedy had a lot of appeal to us young people. I was a freshman at Harvard when he was elected, so I can remember when he came back after his election, between the time of the election and the inauguration we mobbed him. I remember touching his coat, this was quite a thrill. I even think I got my picture in the Harvard Crimson and I circled it and sent it home. So we were of a generation that was very excited by his election. Then he took half the faculty from Cambridge to Washington with him, but that was another story.

Q: Well, what made you pick Harvard.

KURSCH: I, that's a good question. I think I wanted to get away from New York. My dad, because of his unusual circumstances such as the way he got into Columbia, or even went to college, was the most loyal Columbia alumnus of his day. But he was pushing me very hard in that direction, so when I got into Harvard, I thought, gee, I wanted to get away and do something, go to some other place, and that was sufficiently far away that it was a bit different. And he went along with that. I didn't really do the kind of research people do today.

Q: Well, how did you find Harvard when you first arrived there? What was it like?

KURSCH: What was it like? Well, it was somewhat intimidating because the competition was certainly formidable, and Harvard is a sink-or-swim kind of place. They don't give you a lot of personal attention. And so it certainly was not easy to excel. I mean you wanted to stay in the swim. I managed to do that, but it was not easy coming from a small high school. Although, it was a very diverse student body, and the one great thing about Harvard was, I think, the student body and the chance to find people that shared some sort of interests with you. It was a very tolerant environment, and so I certainly made a number of different kinds of friends.

Q: This morning I started interviewing a man who must have been in your same class. Stevenson McIlvaine. Anyway, it was a big class, I'm sure. But he started there, he graduated in '65 because he took a year off in the middle of his time there.

KURSCH: A lot of people did. And Harvard was pretty good about that, too. If you...

Q: I think...This sort of [_____] because the dean more or less suggested that he do it you know, think about it, get a little more mature, and come on back. But what sort of... did you get involved in any particular group or exercises or anything at Harvard?

KURSCH: I did. Well, I tried all sorts of sports. I mean I tried football and track and wrestling and lacrosse, and I wasn't particularly proficient. I played on the freshman lacrosse team, and I did some running in my sophomore year, but the returns were not very good. I mean, I was kind of a second stringer. Then I did some sports announcing. I always had a job. I did various kinds of work to kind of make some pocket money. I sold everything from class rings to laundry subscriptions, and then I did some work on the radio. I had a 15-minute sports program at one point. And we had this very nice good program in intramural sports. We had intramural tackle football. That was a lot of fun.

Q: What areas were you particularly working on in your studies?

KURSCH: History, political science. I majored in American History, actually. That was something that I had liked in high school, but I didn't... we kind of went through school at that time without thinking, "Gee, what am I going to do with this?" If you were a liberal arts graduate from an Ivy League school, you assumed well, you'd eventually find something to do.

Q: I went through the same thing, back in the '50s actually the '40s. What about the outside world, the cold war and all... Was that something that much of something that you were all looking at at all?

KURSCH: Well, I don't know. The only time I really remember it intruding into our lives was the Cuban Missile Crisis, and we were all scared to death, and indeed, I can remember some of my fellow students taking off to the woods of Maine. My friends and I did not. But it was a scary time. I remember watching the daily developments around the television set.

Q: Yes, Stevenson McIlvaine said that some of his friends packed up, put all their stuff in the car and headed for Canada.

KURSCH: Well there were people who took off. My friends did not. But it seems that our fears were not unjustified, given the history that has been uncovered since then. It was a close call. Well, the other thing that I did- in fact, it was probably something that did steer me toward the foreign service-between my sophomore and junior years of college I hitchhiked through Europe for the summer, and we did go to Berlin on the spur of the moment. We experienced the Berlin Wall one year after it went up. So that certainly was a dramatic experience that I've never forgotten.

Q: Had you while you were at Harvard, was government service sort of one of the options, or were you beginning to think about what you wanted to do?

KURSCH: I wasn't really sure. During the early 1960s government service was certainly considered a very honorable thing to do. It was something that one was encouraged to do. Military service as well, and I joined the Naval ROTC in my first year, but I had problems with my eyes. I was color blind, so I could only serve in certain elements of the Navy. And I said, "No, unless I can be a full-fledged Naval officer, I don't know if I want to do that." Plus, there were a lot of courses you had to take, and I didn't want to spend one quarter of my time at Harvard taking ROTC courses. But still, it was a time when people were patriotic, it was pre-Vietnam, people believed the government more or less. There was much less cynicism than there is today. The biggest riots during my time in Harvard took place when they decided to change the diplomas from Latin into English, and we went on three days of rampage because we wanted them in Latin. So, it just gives you a flavor of the time. But, I think they were much more innocent times.

Q: Yeah. So, you graduated in '64.

KURSCH: Graduated in '64.

Q: What'd you do?

KURSCH: Most of my classmates went on to graduate school, but I didn't really know what I wanted to do. But I knew I probably didn't want to be a schoolteacher although those were my role models. And I have to say that my mother and father had very happy careers as teachers. I wasn't going to go into academics. I wasn't particularly gifted in that direction, so I thought I'd go to work and see what it was like. I got a job with Merrill Lynch on Wall Street in 1964. They had a training program, and I got into that. But I had to do military service, so I joined the Marine Corps Reserves and did six months of active duty in the Marine Corps as an enlisted man, which was an educational experience in itself.

Q: Yeah. How'd you find it?

KURSCH: Harvard was a very arrogant place, quite full of itself. Joining the Marine Corps brought you back to earth. And you didn't really want them to know where you'd been to school, or if you'd been to school. The training, for what they were trying to do, was quite good, and I still have a great respect for the Marine Corps. It wasn't much fun at the time, but in retrospect, it was good for me.

Q: This was... how did this work? This was a reserve...?

KURSCH: You had a six-year obligation, but only six-months active duty, and then you had to go to reserve meetings once a month, and then two weeks of summer camp. We can get to that later, because this is pre-Vietnam... We didn't certainly think about going to Vietnam, but I was quite fortunate in a way, because I expected that we would be called up for Vietnam. President Johnson decided not to do that, and ironically, it's a strange set of circumstances, but it probably led to my coming into the Foreign Service. After a year at Merrill Lynch I had looked around at what people were doing-we were trainees in these brokerage offices-and I looked at these guys and I thought, "Gee, I don't want to do this for the rest of my life."

Q: This is another electrical engineer.

KURSCH: Well, no, it wasn't electrical engineering... But it was... actually, the brokerage business, I think the problem with it is that you didn't really have great expertise. You were pedaling stocks and bonds, and on the phone with customers, and it wasn't a bad existence. Some people did quite well. But I wasn't overly inspired. So I applied to law school and I took the Foreign Service test. Actually, I had taken the Foreign Service test in college, but I'd gotten appendicitis, so I never followed up with the orals. I had to fill out too many forms, and I'd been sick, and I had the job with Merrill, so I took that. But I took the exam again in '65, and then I applied to law school. And I was going to go to law school in the fall of 1965. I remember I even had my deposit in at the University of Michigan Law School, and that was when it looked like we were going to be called up for active duty. I had got this mailing from the Marine Corps saying, "Is your sea bag packed? Is your will prepared? etc...." And then I remembered President Johnson coming on television and announcing they were not going to call the reserves up at this time. So, my father, who was not particularly eager to pay for law school, said, "Well, they'll get you in three months." And that job at Merrill Lynch started looking better and better all the time. So, I thought, "Well, why don't you maybe hang around a little longer and see how this transpires, because if you go off to law school and they pull you out in six months, you may wish you were back at Merrill Lynch." So, I didn't go. And then, about three or four months after that, I had my oral interviews, and then they called me up one day and said, " We have a position for you." This must have been about January, 1966. I said, " Will you send me overseas?" They said, "We guarantee it." I answered. "OK, you're on." So that's how I joined up.

Q: Do you recall any of the questions you were asked about in the oral room?

KURSCH: I remember a couple. One I remember in particular. I must have had a good day at work, because I can remember coming in I had a yellow shirt on I'd bought in Syms and a plaid tie, and was feeling pretty relaxed with these three examiners. At one point, they asked me a question that I couldn't answer. I can't remember what that was, but I do remember I said, "Please give me one I can answer for the next question." I knew I'd better get this one right.

Q: Right.

KURSCH: They asked me to name six American authors who had a distinct regional component in their work. I guess I'd started with Mark Twain and went on to Fennimore Cooper, and maybe I talked about Joel Chandler Harris, but I got up to number six and I couldn't think of a sixth author for the life of me. And finally, I remembered this book... I'd taken an English course in college... I hadn't read the book but I'd gone to the lecture and before the exam I'd read the back jacket of a book by Sarah Orrin Jewitt from Maine. And I threw that one in, and one of the examiners said, "Oh, I just love Sarah Orrin Jewitt." And he went on answering the question for me. So, at that point, I figured "Gee, I'd gotten through that one," and I think that may have put me over the hump...because in those days, at the end, they asked you literally "go out and have a cigarette", which I did, and then you came back in and they told you whether you passed or failed.

Q: Yep, yep. I remember that. It's a rather long period of time, probably about ten minutes, but it's one of the longer periods of time.

KURSCH: Well, I was feeling pretty good. As I said, I must have been more relaxed at my job or whatever, but I, so there I was... I was pretty young when I came in.

Q: But talking about the Merrill Lynch and all, how did you find... I've always wondered how they get what young people, just out of the college, who really don't know a hell of a lot about the market... How do you persuade somebody to take their hard-earned savings and get them to invest?

KURSCH: Well most of the people who they recruited as brokers had not just come out of college. In fact, I was in something called the "Junior Executive Trainee Program" and a friend of my father's was the senior floor broker for Merrill Lynch on the New York Stock Exchange, and he got me into the program, essentially, because when I went in for my interview, I'd been tipped off. What they did is they recruited a modest number of young people every year with the idea that they'd give you extended training. They had good luck with the program and a lot of these guys were very successful in the company later on. But they figured this was a way to get some graduates from good colleges fresh out of school. But it was maybe 10 percent of the total force, at most. I don't know if they have it any more, but for me at the time, it was good exposure. I must say I felt in my values in what I wanted in life were somewhat different than the other members of the program who were really interested in making big time money. This is what they thought about., When they went out with girls, they talked about how much money the girl's father had. I never was brought up to think like that, although I did know that school teachers didn't make a great deal of money, and I thought maybe I'd do a little bit better than that, but you could see the down sides as well. I must also say that my patron at one time, I did have occasion to meet him. My father used to have reunions with his buddies from time to time in New York. And one evening, my girlfriend and I ran into them in a restaurant in New York, and we went back to this fellow's house for drinks. He was giving me advice, but in a way that, on the way home, my girlfriend said to me, "Gee, Don, if you're going to turn out like him, maybe you ought to think of something else." She was right. My daughter had a similar experience as an investment banker, after she got out of Columbia. I guess she had a more exalted job, and a lot more responsibility for a 22-year-old, because she was putting deals together. But still, the environment is brutal and nasty.

Q: Yeah. Well had sort of the foreign service profession... had you had any sampling of it, or did you have any idea of what they did?

KURSCH: Not a great deal. I had met a couple of people who had been in the Foreign Service or whose parents had been in the Foreign Service. I remember their telling me how much fun they had had and how interesting it was. Indeed, it sounded very glamorous and like the kind of thing that would that be fun and interesting, but in terms of what the Foreign Service actually did, I was kind of prepared to do anything. I became a economic officer in a rather interesting way. Again, I remember at the time, they went around the room... because they had these different options, but everyone took the general bullshit option. I mean ninety percent of the people took that option of knowing a Doric column from an ionic column, and those kinds of things. And so that when they went around the classroom, they asked us what cone we wanted to be in or wanted to compete for, and by the time they got to me as a "K" ... everybody was saying, "political, political, political." When he got to me and I said, "economic", and they said, "Oh what are your qualifications to be an economic officer?" I said, "Well, I'm a registered representative of the New York Stock Exchange." The coordinator said, "Well, we've never gotten one of those before, OK, I guess that's alright."

Q: [laughter]

KURSCH: Of course, then they sent me off to Zurich to do visa work like everybody else...

Q: [laughter] Sure, of course.

KURSCH: So, it wasn't... but it was interesting how that transpired.

Q: Well, you came in in '66.

KURSCH: '66. 1966, right.

Q: What was you're A-100 course like?

KURSCH: What was my A-100 course like? Well, we had one woman in it, and she left shortly after it started. And no people of color that I can remember, so it was a White boy's group. I guess there were about 25 of us. The most successful member of the class, I believe, was Ray Seitz, who became our first career FSO to be Ambassador to the UK.. And we also had a fellow named Roger Morris, who was quite precocious, but left his job at the White House at the time of the invasion of Cambodia and resigned. But, we were, let's say, I guess, probably pretty heavily northeastern in representation. There were a couple of people from California. And I guess a mixture of public, private schools. USIA was in the class with us. In fact, it was at a time when they thought they were going to integrate USIA into State, but then actually the agencies went their separate ways for a long time thereafter. Indeed, some of the people that had come in through the USIA exam were hoping to transfer to State, and found that that was not easy to do. But, what did we do that I remember? I can remember going on a trip to the General Motors factory, up to Baltimore, that they're now closing down, next year. I don't know. FSI was also in the basement of Arlington Towers, if you remember that.

Q: Yeah, oh yeah, I recall that vividly. Sometimes they would have to let you out because the carbon dioxide got too strong, the carbon monoxide.

KURSCH: Well, the language classes were these dreadful inside rooms with no ventilation.

Q: Yeah, that's where I took Serbian, inside there.

KURSCH: Then, halfway through that language class, this German language class, we got the new building over at Roslyn, and we moved there, and we had windows. That was quite nice.

Q: [laughter] Well, while you were in the course, were you looking towards what you wanted to do in the foreign service, and where and all?

KURSCH: Well, I wanted to get out and go someplace. Actually, I wanted to go to Europe, I was trying to go to Germany. I had been to Europe between my sophomore and junior years, and had a very, very good time, traveling from Norway to Italy. The way we stayed... we had these American Field Service programs and we collected the names and addresses of those American Field Service students who had stayed in our town before they went back to Europe. They would come from all over the United States to stay in New York for about a week before they would sail back to Europe. And they did sail back in those days. We got to know a number of them because my family would always put up one for a couple of days. We stayed with many of the families that had stayed with us. We also had the exchange students in our school. So that was our relationship to Europe. It is one that I maintain. Actually, I still see one of the people regularly. He came to my daughter's wedding two years ago. So, anyway, we traveled around Europe and I wanted to get back, so I pushed hard for that. Although the whole assignment process was kind of a mystery... I had a colleague, a friend from New York, who was of Italian extraction, who desperately wanted to go to Italy, and he was an A. You had stand up when they gave you the assignments. You probably remember this clearly. You stood up and they announced where you were going. So he wanted to go to Italy, and they sent him to Somalia. That was close, right?

Q: [laughter]

KURSCH: They spoke Italian in Somalia then.. He protested. He didn't last long in the Foreign Service actually. By the time they got to me, they did give me a sort of German-speaking country... they sent me to Switzerland, to Zurich. So I was reasonably happy with that. Although, in retrospect, it wasn't the most exciting place in the world, but it was a great place to see Europe from.

Q: Oh, absolutely. Yeah. Well, you were in Zurich from when to when?

KURSCH: 1966 to '68. I met my wife there. Or, I met her in Bern, actually.

Q: It was a Consulate General, and what were you...?

KURSCH: It was a Consulate General. We did all of the immigrant visas for Switzerland and most of the non-immigrant visas because Zurich was, is still, the major city in Switzerland and we did most of the consular work. That was the major purpose of the post. I mean, we had a commercial section that, basically, as far as I could figure out, compiled credit ratings on Swiss companies for American firms that wanted to find out whether Zender and Company was a reliable business partner. We had a deputy principal officer who was supposedly the commercial officer, but I don't recall that he did a whole hell of a lot. And then I had this rotational assignment where I worked for him, and he really couldn't find much for me to do. So the ambassador arranged for this exchange where the people from Zurich went down to Bern and the people from Bern went up to Zurich, the junior officers. So, I went down to Bern for four months, which was also very, very quiet, except I met my wife there, which was quite nice.

Q: What's your wife's background?

KURSCH: My wife is German-Swiss. She's Bernese and comes from a Swiss farm. Her brother, her father, were farmers; her brother's still farming right outside of Bern. We've gone back a lot, particularly when we lived in Europe. So, we were quite close to her family, and to her mother who is still alive. I've gotten to like Switzerland more with age.

Q: How did you meet her?

KURSCH: Met her in a restaurant. I was sitting here and she was sitting there, and we started talking, just purely by accident.

Q: Oh. Did you learn good Swiss-Deutsche?

KURSCH: I can understand some. My daughter speaks it quite well because we sent her back there every year to the farm in the summertime, and she has an American accent. But my in-laws don't speak English. I managed to speak German with them. We maintain good ties with the country and we got married there.

Q: Who was the ambassador when you were in Switzerland?

KURSCH: A man named John Hayes, from the Washington Post. I think he passed away some time ago, but he was the ambassador. My consul general was a man named Howard Trivers, who was an old German hand. This was his reward, it was his last assignment. The consul general jobs at the time were kind of rewards for people who couldn't make ambassador. They were nice rewards. And Howard, he was quite good to me. He was a very old-fashioned Foreign Service officer. I remember he wore high button shoes to the office. But he was kind to me and quite helpful.

Q: You were there '66-'68?

KURSCH: Yes.

Q: This is before the Prague Spring, I gather.

KURSCH: No, it was the time of the Prague Spring, and I went to Prague with a colleague. We went out to Prague in the fall of 1967. It was the first time that I had been to a Communist country, and what I could remember at the time is you could feel that things were opening up. This was really before it got into the papers. But, I remember we went out to a nightclub and we went out to various places at restaurants and you could feel the freedom in the air at the time. And then, of course, what was very striking is how that the Czechs in the spring of 1968 were being given the freedom to travel. And you saw these very exotic Czech license plates all over Switzerland. That was quite a development for the time. Then, of course, you had the crackdown, and it all abruptly came to an end. But, yes, I remember that very well.

Q: Well did you all have the feeling that where you were was a hotbed of espionage or was somebody else concerned with that?

KURSCH: Well, our cousins had a strong interest. I guess there must have been an interest too in the financial activities that went on there, but that was not my responsibility. We did have an interesting station chief in Bern, who was quite a character. He lived in Alan Dulles' old house and he used to like to walk his bulldog across the main square at night, smoking a pipe, wearing his trench coat. So, it was no secret who he was.

Q: [laughter]

KURSCH: They had a major presence, maybe more out of tradition, than out of how much work they had to do.

Q: [laughter]

KURSCH: The consular affairs work kept us pretty busy. The political section, what I do remember in Bern is that they had a three-person political section, and I was the third person when I was rotated in, and their big job was preparing the weekly summary of political developments in Switzerland, called, "the Weeka" that they sent back to Washington and nobody read. When that was abolished in its entirety, it was quite a challenge for the section to find things to do. Bern, I think, even now is a fairly quiet post. Zurich is closed, although the Swiss are now UN members, and I worked with them in my last job in the Foreign Service quite a bit. I worked on a Balkan initiative and was able to encourage them to put some serious money into the initiative. So, that relationship was productive at the end.

Q: Any problems with visas, or was it pretty pro forma?

KURSCH: I think when you're 23 years old, all of a sudden, you have a responsibility. You have a function and you're making a difference in people's lives. Of course, we didn't really turn down many Swiss for visas, but all the Swiss at the time needed non-immigrant visas, and we did immigrant visas as well. And there were a lot of third country nationals passing through, and those could be a challenge from time to time. I remember being attacked in the office, or in the hall, by one person I hadn't given a visa to. She tried to gouge my eyes out with her fingernails. Then I remembered my boss taking on a bunch of Haitians who were looking to get to immigrate to the United States and having to turn down a woman because she was illiterate. We didn't see illiterates very often and I had to get out my Foreign Affairs Manual and look up the detailed requirements. We had a few interesting cases involving American citizen services. I had an interesting case once involving a young girl having to do something on the medical side that had been quite controversial, but I referred her to a Swiss doctor on the consular doctor's list. But you made decisions. Another thing I did, and this is what endeared me to the consul general. This was the time when the Vietnam war was heating up, and the public affairs officer, the PAO, came up from Bern to Zurich to give a presentation justifying the war. I had been to the presentation and it wasn't terribly convincing. The principal of the American School in Zurich, called up the consul general and asked if one of his younger officers could come out to talk to his high school students to talk and try to defend US policies. I was nominated to go out and do that, and the teachers all attacked me. But they attacked me so strongly that the students sympathized with me and the principal called the CG up and said I'd done a very good job. So that put me on his good list.

Q: Well, after two years, by '68, Vietnam really was heating up. Were you hearing at all from the Marines?

KURSCH: I sure did. The Marines tried to get me back. I got a letter from them one day... I can remember it. It was the night after I had been out with Miss America.

Q: One remember that...

KURSCH: I went to some event that Miss America was at, and had dinner with Miss America. The next day I got this letter from the Marine Corps, sort of a "Dear Fellow" letter. "You're not going to regular Reserve meetings." Well we didn't have a Reserve unit in Switzerland, and they had excused me to do this. But they were after all these stray Marines who were not going to regular Reserve meetings, and basically gave me 45 days to get back into my Reserve unit or I was going to be called up for two years of active duty. So, I wrote to the Marines, of course. My consul general was away. I called up the embassy in Bern. I must say they weren't very helpful. So, I looked into all sorts of possibilities. I tried to figure out, "could I join the Army Reserve?" I went through a rather tense period. And, finally, I was given the name of somebody in State personnel, and I called them up in Washington-then a bit deal-and explained my situation to them. I said, "Look, you guys sent me over here. Now you ought to go to bat for me and get me out of this mess or send me back." And, I was quite prepared to go back on my own, if necessary.[End of side one.]

Q: But you're saying that your attitude was that if they don't get you out of... help you on this...

KURSCH: Well, the State Department was terribly afraid of the military, and they didn't like to ask for exemptions for people. They were very cautious. Generally, they could get people out of the draft by having a form letter they would send and your draft board would usually give you an occupational deferment. But, if you are already in something, the idea of getting discharged is a much greater challenge. I realized that unless somebody was really going to go to bat for me that I probably would be called up. Anyway, I finally did call this fellow up on the phone and explained my situation, and he said, "Oh, yes, let me look into this, and see what I can do." Well about a week letter, a thin envelope arrives on my desk and I open it with a bit of trepidation, but my discharge is in there, an honorable discharge.

I saw this guy about a year and a half later, in fact, ironically, I think he went out to be the admin officer in Bern. I was in Bern visiting my wife's family, and we were invited to an Embassy party. I went over to him and I said, "I don't know if you remember me, but I just want to thank you for what you did for me." He looked at me and said, "You're a lucky son of a gun." I said, "Oh?" He said, "Well, after our telephone conversation, I did call the Marine Corps up and I got some tough colonel there in the Pentagon, and he says, 'How many of these guys do you have?' I said, 'Well, I've got this guy in Zurich and another guy in Paris He said, 'Alright, we'll let these two go. But we're not letting any more out. We need bodies for Vietnam.'"

Anyway, then I was supposed to be sent to Vietnam on my second assignment, although again I didn't know that because I'd put in my request to marry a foreign national., At that time, when you married a foreign national, you had to also submit your resignation, in the event the request was not approved. If it was approved, you were supposed to be assigned to Washington, D.C. until your spouse got citizenship. So, I went through the paperwork and did all that. The admin officer in Bern called up Washington, D.C. and said, "You need to have a Washington assignment now for Kursch; he's getting married to this Swiss woman." They said, "Oh, he can't do that." He said, "Well, you know, I told you this a month ago that..." The Department responded "but we got his orders here to go to Vietnam. He must have known this." The admin officer replied "He didn't know. I called you up last month about this" So they broke my assignment and sent me back to Washington. So, I didn't get involved with Vietnam. I kind of lucked out there.

Q: Well, you went back to Washington in '68, then.

KURSCH: Yes, '68.

Q: What'd you do?

KURSCH: They gave me a pretty cruddy assignment. They stuck me in the Office of Maritime Affairs. I'm the only person I know who served in the Office of Maritime Affairs between service in two land-locked countries.

Q: [laughter]

KURSCH: Then I applied for East European language training, and I ended up going to Hungary.

Q: How long were you in Maritime Affairs?

KURSCH: Let me see. I must have gotten in there in October '68, and I left probably in July of '70 for the language course.

Q: What were you doing?

KURSCH: Well it was a very, very top-heavy office. They had the equivalent of an MC, an old FSO1, as the office director, a senior civil servant, GS15, an FSO2, and then Kursch, FSO7. So they said, "Well, we got just a great job for you, Don. You have to take care of the International Ice Patrol. So, that's one of the things that I did, which didn't take me more than maybe two hours a week, if that. But I did succeed in collecting about $200,000 in back payments from Panama at the time. The Ice Patrol was an arrangement by which US Coast Guard patrols iceberg prone areas of the North Atlantic. It was set up after the Titanic want down. We billed all the other countries that participated on the basis of how much of their flag shipping crossed the North Atlantic in a given year. Or perhaps it was based on the overall size of their merchant marine. We had a couple of countries that didn't pay up, and since I had time on my hands, I went after them. I remember sending these airgrams out to our Embassy in Panama, and the Embassy finally got the Panamanians to come up with a check. This effectively paid my salary for a few years, anyway.

Q: I take it you weren't really plugged in to the operation of the State Department very much then.

KURSCH: Well, I got a nice model ship for the office. I did a couple of things, but no. we were not on the Secretary's mind. The guys who had been, let's say, more fast track, ended up in the front offices as staff assistants and things like that. It was clear that the department thought, "OK, this guy isn't going to go to Vietnam, we'll stick him someplace he wishes he wasn't.

Q: Well, had it been put to you to go to Vietnam? Or, did they come around and talk about Vietnam?

KURSCH: No, no, they didn't. The way it worked was, they were just getting anyone who might be available, particularly unmarried officers, because they took two others from my group of junior officers in Switzerland, and put them into the CORDS program. And, indeed, if I hadn't been getting married, I would have gone, too. But since I had decided to get married I felt differently. I even thought, "Well they're getting all these other guys, they won't want me." But I was just following the regulations. So I ended up on another track.

Q: Did you get to go to any meetings in the Maritime thing? Or when negotiations were going on?

KURSCH: I worked a lot with the Maritime Administration and the Federal Maritime Commission and Customs. We used to have problems with Customs because we had some obscure laws on the books, that penalized countries that hadn't given us special assurances that they didn't discriminate against US flag shipping. And as these flags of convenience spread, ships with odd flags would show up in American harbors, and Customs would hit them with this special tonnage tax, which was 100 times the rate of regular tonnage taxes. The law itself was from George Washington's administration.

And so, at one point, I took the initiative of sending out an unusual airgram to all these great maritime countries of the world, like Afghanistan. Hungary, and Burundi, and to other places like this to ask the embassies to go in and please get these necessary assurances for us so we could file them with customs, and we wouldn't have any more embarrassing incidents. And many countries, in fact, most of the addressees did that. Although, I do remember Kabul sending us an answer saying, "The royal Afghan government has great difficulty certifying to anything at all, even when it's in the country's vital or immediate national interest. We're afraid that if we approached them with this, they would think it was a bad joke, and would you please exempt us for this reason?"

However, in an other instance, Vienna sent a smart-ass answer saying, "Austria's last ships went down with the Austo-Hungarian Navy in 1918. If we see any US vessels coming up the Danube, we'll let you know." Two weeks later, the Austrian ambassador calls up the State Department. He's furious: Customs has just nabbed a vessel carrying Saabs from Europe-an Austrian flag vessel-and is hitting it for about $100,000 worth of special tonnage tax.... The Ambassador asserted that our action is totally inconsistent with our bilateral treaty of friendship, commerce, and navigation. So, anyway, by that time, I had a pretty good record with Customs. I was able to send out cables. This time we did cables. We got the assurances, and we got the Austrians exempted from the duties. But the gentleman who sent me that airgram came to visit me to apologize the next time he was in Washington. .

Q: Well, after this... one of the things one can when one's back in Washington is sort of prepare for one's next assignment or develop contacts... but I'd think that your place would be so much off to one side that it wouldn't be a particularly good contact place.

KURSCH: No, but what I did was I started working on my graduate degree at night at GW when I started taking courses in East European studies. Actually, it had occurred to me, because one of my colleagues in Zurich had decided he wanted to go to Hungary, so he brought a Hungarian teacher in at lunchtime to teach him Hungarian. And when I went to call on my career counselor... they were pretty good back then, giving you advice... he said, "Gee, tell me a little bit more about Gil, why did he want to go to Hungary so badly? He seemed to want it so much. We could have sent other people out there, but he seemed to want to go there so much, so that we assigned him there." So then I did sign up and took these courses, and when they asked me the same question, I said, "Oh, always been very interested in Eastern Europe, and here I am studying for my graduate degree." So they assigned me to Poland. But then, Gil, this guy who had gone to Hungary, didn't get promoted, was unhappy, and left the Foreign Service. So personnel then said to me, "Well, we have this opening in Hungary." And the post was so small that any job you got, you'd be the chief of the section. So I, it was clear I could be the chief of the consular section. Here I was 27 or 28 years old, and met a guy who'd been there and said, "It's a great place." So I signed up and I took Hungarian language training instead, and went to Hungary in 1971.

Q: How did you find learning Hungarian?

KURSCH: Well, it's not easy.... I learn languages just by keeping at it. I don't have a great gift, but I manage. It's a hard language, but when I got there, I guess I was good enough to do some very basic consular work and the consular interviews. And, at the time, people did not speak English, even in the foreign ministry consular department I did my business in Hungarian. I hacked away, but I managed. It's very, very hard to get a proficiency in a language like that unless you study in the country. And one of the things I did later, I pushed very, very hard, and successfully, to set up an in-country study program for the Hungarian language.

Q: What was the situation, vis-ï¿½-vis, the United States and Hungary? You were out there in 19...

KURSCH: '71. Well, we had the aftermath of '56 and it was still very strong. Most dramatically, Cardinal Mindszenty lived in the American Embassy. He had lived there for 15 years, and as a result, our bilateral relationship was much more strained than would have otherwise been the case, because we had this aftermath of '56. Janos Kadar, the person who sold out the revolution, was still the first secretary of the party. We had never had a cabinet level officer visit Hungary. This was unlike Poland, where all through most of the Cold War, we still had a pretty high level of contact. So the relationship was strained. We had special police at the front and the rear entrance of the embassy 24 hours a day in case the Cardinal would make a break for it, in addition to the militiamen, and yes, it was very hard Cold War environment.Q: You were chief of the [Embassy's] consular section.

KURSCH: I was the vice consul, but, was the head of the consular section.

Q: Who was the ambassador when you were there?

KURSCH: Al Puhan. He's still alive.

Q: What did the embassy consist of?

KURSCH: The embassy was a pretty bare bones operation. The State Department had a political officer, an econ officer, a consular officer, an admin officer, and then there was a general services assistant, the ambassador, the DCM. I think there may have been at some time numerical limitations anyway, on our respective embassies. And then in terms of other agencies, commerce didn't have anybody there. There was a USIA officer, and an assistant, and of course, there were FSNs. We had a defense attachï¿½, I guess we had an Army and an Air Force attachï¿½, but no Naval attachï¿½, of course. So, it was pretty bare bones.

Q: What was consular work like?

KURSCH: Well, it was quite interesting. You had the regular visa requests, but I also I met many interesting people through visa interviews: artists, people who wanted to travel the United States. I had a wonderful Hungarian consular assistant who would say, "Oh, this is a well-known artist." And you'd bring them in and interview them and talk to them and it was a nice way to meet the people. You could use a bit of the language. And then we had some arrest cases, doing welfare whereabouts, American citizen services. We had a number of Americans arrested for trying to smuggle their East German girlfriends out of the country, because Hungary was incorrectly assumed to be an easy way out. Hungarians could marry Americans and get permission to leave, but East Germans could not. So, people would come down and meet in Hungary, but the Hungarians sealed the border to any East Germans who wanted to leave until 1989 when the Iron Curtain was dismantled.. And then we had people charged with DWI in fatal automobile accidents. That was a felony offense, you could get several years in prison for that at the time. In that respect, I guess, the Hungarians were ahead of us.

What else did we have? And then we had some odd cases. I remember a case of an elderly Hungarian-American who was arrested for standing up on a bus in southern Hungary and saying that the Communists were a bunch of pigs. He was arrested and jailed on charges of anti-state agitation, which could have brought the death penalty. I remember going to his trial in this really primitive town in southern Hungary...

Q: Was he a Hungarian-American?

KURSCH: Yes, he was from Cleveland, Ohio. Papai was his name, funny I remember his name now. We went down to the trial and this very old line Stalinist official was basically running the trial with his two lay accessors who formally had votes but no say, and indeed they convicted him and sentenced him to a long prison term. We protested right away and said, "This is outrageous." And, indeed, the Hungarians immediately assembled an appellate court and overturned the conviction and let the guy out on the basis of time served. So at least we got him back to Cleveland. And then one of the most memorable things that happened to me that gave me a view into the realities of Communism. One day a fellow came in to me, I remember his name quite well, his name was Ziegler, because he was trying to get in touch with President Nixon's press secretary of the same name. And, indeed, the Hungarian FSNs, we called them "locals" at the time, were instructed that if somebody wanted to talk to an American they were to put their identification on my desk and I would see them in turn. There was always the hope by certain government agencies that the head of the Soviet southern group of forces would walk into the embassy and defect. And, indeed, it was quite easy to get into the consular section. There was no security...

Q: No.

KURSCH: ...Check at all. You just walked into the waiting room. You went up two flights of stairs. Anyway, this fellow came in to see me, and he introduced himself as Mr. Ziegler. Didn't speak a word of English. He didn't have an internal ID either, which may have meant that he was mentally unbalanced. And in the summer time, they let the overflow from the mental hospitals out to ease overcrowding. So they would also show up at the embassy. And so this man says to me "You know, you Americans helped everybody after the war, but I never got any help and I really need it now." So, I said, "Are you an American citizen?" He said, "No, but I need your help. If I could only get in touch with Mr. Ziegler in Washington, I know he could help me." Anyway, I turned him away as gently as I could. And then, about two or three weeks later, he came back. I had an associate from another agency working with me part time in the consular section. I said, "Look, John, don't let this guy in to your office. He wants help. He's not an American." So, I went home for lunch. As I'm sitting down, eating lunch, the duty Marine calls me up and says, "You have to come to the embassy immediately." I said, "OK." And this was right before the Cardinal was leaving the embassy permanently. The ambassador had negotiated his departure from Hungary, which is another story. So, I get down to the front of the embassy, and I see this big, square Hungarian ambulance sitting right out in front of our embassy. I walked up into the consular section, and in our waiting room there were these Hungarian detectives, plain clothes men. We had a little, small toilet at the side of the waiting room, and the detective opened the toilet door, and there was this dead body on the floor. He said to me, "Do you know this man?" I answered "Yes, he came in to see us." The guy, after he had seen my colleague and been rejected a second time, had gone into the toilet, locked the toilet door, and blew his brains out."

Q: "Gee."

KURSCH: They tried very hard to identify this person. His picture was on TV, his picture was in the papers. I remember being at a dentist's office, while my wife was at the dentist. I was just looking through this Hungarian dental magazine where they had his dental charts and were asking dentists if anybody could help identify this man. About four or five months later, I was over at the foreign ministry, to be informed that one of our American prisoners was getting his sentence reduced. (We used to be able to get 35 maybe 45 percent off on US citizens' sentences by submitting clemency petitions.) My Hungarian interlocutor, broke out some brandy to mark the occasion This was the another thing that was done at the time. We both had a small glass of brandy. And he turned to me and said, "Now Mr. Kursch, perhaps you could do us a favor. Remember we had this unfortunate incident in your embassy about four months ago. Surely you know who this man is. Can't you help us identify him?" And, it was clear to me that they were still groping for whoever this person was. He was carrying a handgun and no ID, and had come into our embassy and fortunately, for me, had chosen to resolve his problems in the Hungarian manner rather than in the fashion of certain other cultures where I might have joined him. The next time we had somebody threatening to kill himself at the embassy I was not as patient and called for the guys with the white jackets, because I didn't want to take a second chance.

Q: What happened with the Cardinal? In the first place, by this time, he was certainly the oldest member of the embassy staff.

KURSCH: The Cardinal had a peculiar view of his presence in the embassy that was not shared by the rest of the staff. Among other things, the Cardinal felt that he was the legitimate ruler of Hungary. He felt that because he didn't recognize the Communists as being legitimate, believed that Hungary was still a kingdom, and that since there was no regent, when there was no king you had a regent, and when there was no regent, the prince primate of the church was in charge until a regent was appointed. So, he really did have it in his head that, under Hungarian tradition, he had a role there. Now, no one else recognized this role. The Vatican did not; the Communists certainly did not. He was a complication for all of us-for the United States, for the Hungarian government, and for the Vatican. The ambassador, when he came there-he preceded me by two years-I think realized that unless we could get the Cardinal out of there, he'd be a continuing major obstacle to our bilateral relationship. Indeed, the Cardinal had threatened to leave the embassy in '67 when we first sent an ambassador to Hungary. Before, we'd just have chargï¿½s and before that the embassy in Budapest had only been a legation, where you'd have the minister in charge. But, when Martin Hillenbrand came in '67, Mindszenty threatened to walk out. But he did not.

So, he stayed up in his little room, which was the ambassador's office-the ambassador had the DCM's office-and had his little suite there. Every night the male officers at the embassy took turns walking him. We would knock on the door and ask if His Eminence wished to have his walk that evening. By the time I got there, he was getting pretty far on in years, so we had these two aluminum chairs in this little courtyard-we had a courtyard that we shared with the Hungarian National Bank-and we would sit down there and he would talk. He would hold forth on various subjects. Usually, his favorite subject was how the Allies had sold out Hungary in WWI, and how Woodrow Wilson was personally responsible for all these misfortunes as a result of Wilson's role in the post war Treaty of the Trianon, which had reduced Hungary's size by two-thirds. He was not a very open-mind individual, and he was not an intellectual. He was a tough fighter. He was a person of very strong character, and certainly when the Communists took him on, he was quite prepared to be a martyr.

Q: Did he leave while you were there?

KURSCH: He left while I was there.

Q: How did that work out?

KURSCH: Well, as I understand it, Ambassador Puhan had tried for many years to convince Mindszenty to leave the Embassy. The Cardinal would pretend to go along but then would have a last minute of mind.. The Cardinal's mother, who lived to almost 100 and his sister were also in Hungary and they would come to see him. However, when they passed away he no longer had close family in the country.. Cardinal Koenig from Vienna was the person who would come down and see him. It appears, from what I gathered, that the Pope, it was then Pope Paul VI, was persuaded to write a letter to Mindszenty asking him to come to a special religious celebration that they were having in the Vatican at that time, I believe in honor of the Virgin Mary. The Pope's letter was written in a way that was strong enough that Mindszenty was able to interpret it as an order for him to appear. In any event, arrangements were then made for him to leave. The Papal Nuncio from Vienna came down to take him out, and the Hungarians also sent a special escort to accompany him to the border. To discourage a last minute change of mind, the week prior to the scheduled departure, the ambassador took Mindszenty's memoires, and drove them out to Vienna, and deposited them in the Pazmaneum, which is a building belonging to the Catholic Church, right next to the American Embassy in Vienna on Boltzmangasse.. And Mindszenty did leave this time. A Hungarian irredentist to the end. Mindszenty angered the Austrians upon arrival in Vienna by announcing that "When I crossed from the Burgenland into your country today, I became aware of your gracious hospitality," or something like that. The Austrians saw this as an effort to claim the Burgenland, which had been ceded to Austria in 1920, for Hungary. Mindszenty then he went to the Vatican but was not particularly happy there, and went back to Austria where he spent many of his remaining days in the Pazmaneum, right there next to the American embassy in Vienna. He was buried at a place called Mariazell, which is a shrine and place of pilgrimage outside of Vienna. However in 1990, he was then reburied in 1990, in the basilica at Esztergom in Hungary, together with other past primates of Hungary's Catholic Church. I ended up being a U.S representative on this occasion since, Vernon Walters our Ambassador to Germany and my boss at the time and he was invited to go but couldn't. Walters then sent me as his representative. So I actually went to the re-burial and was able to pay a final farewell.

Q: Well, what about life there for you and your wife there in Hungary?

KURSCH: Well, it was a challenge in terms of meeting people who were not designated as official contacts. We wanted very much to meet people and to have interactions with Hungarians. Although you did have the secret police presence and we had militiamen, or the policeman, stationed outside our house, with some ingenuity you could still meet people. I met many Hungarians through visa contacts. I met artists, and one of the artists who I'd given a visa to introduced me to his niece and her husband who was a doctor and then we started meeting his friends through him. But this was tricky, as we wanted to do representational work and make friends for the United States. One of the things I very fondly remember was when my wife, being Swiss, we decided to have all these young people over for a fondue one night, these young professionals. So, the appointed hour came, and we were expecting about 17 or 18 guests or so. Nobody showed up except one exchange student, an American academic. The three of us were sitting there in the apartment waiting for the others with a lot of food..

Anyway, I soon realized that my young friends were not going to show up. So, I must have gone down the street to call them. I knew not to call from my house, because our phones of course were tapped. Then I went over to my new Hungarian friend's apartment on the other side of town. He and all the others were sitting around wondering what to do. So, being a good young strong American, I said, "C'mon. Aren't you going to show some courage? Don't be afraid of these police" They said, "Look. We have careers in front of us. We don't want to have our careers ruined." And I said, "Well, can we bring the dinner over here?" They said, "That's a great idea. Why don't you do that?" So, I went back home, and my wife, had already figured this scenario out because she had started packing. We brought the fondue pots and the meat and everything, we packed it in the back of my car, and together with our American guest, we drove over to the other side of town and had the dinner in this fellow's apartment. We had a grand time. I'm still in contact with this Hungarian friend and saw him in June. We were also able to do a certain amount of entertaining through official contacts with people who had official positions. Of course, they had to obtain permission and file reports when they came to our house.

Q: Was there any... Did the, I always want to call them the '56-ers who went to the United States in sizable numbers... Did they have any, were they at all influenced or trying to come back?

KURSCH: Yes, they were a challenge for the consular section. In fact, the Hungarians Government at the time had a basic practice to avoid incidents of denying visas to '56ers who were on a black list. We recommended that any Hungarian Americans get their visas through the embassy in Washington even if this raised the possibility that a visa might be denied. As far as we were aware. '56ers would got their visas this way did not encounter problems once in Hungary. You could get a visa for Hungary at the border, but this could be problematic since those who got visas this way were not covered by this unwritten rule.

Q: No.

KURSCH: There were always some who would try to sneak in. Shortly after I arrived in Hungary, I had one particular case where a returning Hungarian-American was arrested by the secret police, His wife came to me in the Embassy and said, "They took my husband away last night." She was in Hungary with all four of their kids. Trying to reassure her I said "Well, they probably just want to question him but tell me if he is not back by tomorrow." She was back the next morning and we immediately began making inquiries. We were subsequent told that he had been arrested for espionage and, he could have been given the death penalty. We had a very nasty case and his lawyer, who had to have a special security clearance, was not permitted to talk to me about the details.. What I do remember is that when I finally got consular access to him, which took some time because we didn't have a consular convention with Hungary, we had a very memorable meeting. Normally, the consular access was fairly relaxed. When I'd see the prisoners, most of whom were in prison as a result of traffic accidents or trying to smuggle out East German girlfriends, I'd bring a couple of packages of American cigarettes for a rather friendly interior ministry major who would sit in on our conversations. But this time it was very intense. They had the interrogator in the meeting, who looked like something out of Arthur Kessler, with a shaven head, silver glasses you couldn't see through, a black leather jacket, and black turtleneck. The prosecutor was also there. It was a pretty tense affair. I remember, at first they wanted me to speak Hungarian. I said, "No, no, I don't speak Hungarian to Americans citizens", and I didn't. I remember telling him. "We're going to get you out of here and look after your wife and children". The Hungarian police started getting a little nasty after that. They started tailing me around the city for a couple of days, and played some bumper tag with my wife. But, eventually, we were able to get the guy freed through a number of interventions, including an appeal by his American trade union to the Hungarian trade union organization. The Hungarians gave him a five year sentence, but then freed him with a Presidential pardon. The following morning they drove him to the Austrian border and had him walk across, but they did let him say good bye to his mother the night before. You had that element and this is the best single example I can think of. Of course, there was also a strong resistance by certain '56-ers to any rapprochement with Hungary, and that manifested itself a little bit later in the debate we had over the return of the crown of Saint Stephen, which was done during the Carter administration.

Q: Yeah. Well, what about you and your wife. Did you get phone calls? Could you travel rater freely without harassment?

KURSCH: We didn't have too much harassment that I can remember. We had a housemaster who lived downstairs. There were five American families in the apartment we lived in, and he and his wife lived downstairs. So they kept a watch on us. The wife was also the babysitter for our daughter, when she was a toddler, so in their own way they performed useful services. But they watched what we did. We weren't allowed to travel to certain parts of the country because we had these mutual travel restrictions. The way these started is that I think we actually slapped them on because the Soviets had all these closed areas. So then we closed areas in the U.S. off to the Soviets, and the sense in our counter-intelligence community was that Eastern Europeans were being used to do tasks for the Soviets, so we closed off certain areas to those countries as well. So the Hungarians closed off maybe 30-40 percent of the country to us, and we couldn't go these areas..

Q: What about Budapest? I was there during the mid-60s, just paid a visit. It seemed like kind of a fun city. I mean, you know, interesting, at least good food.

KURSCH: Yes, relatively speaking. They called it the merriest barracks in Eastern Europe. They had relatively good food, and it was different. They have a distinctive cuisine.

Q: Cherry soup, for example.

KURSCH: Cherry soup, cold fruit soup, and they had those hot pepper dishes, and gypsy orchestras in most places. The prices were certainly very reasonable. The theater was quite respectable, good operetta, a decent opera, at cheap prices. It was certainly very European in the traditional sense. In fact, if you were nostalgic for Europe before the war, a lot of that character was still there.

Q: We stayed in the, I think it was the Gellert Hotel. I remember going around to... It no longer belonged to Gellert. It was a communal bath or something. A big swimming pool with waves. That was great. I had a hell of a time because I couldn't understand what the signs meant. I think I went into one dressing room which obviously not for my configuration. But anyway, that was kind of fun.

KURSCH: The other thing about Budapest, of course, it has these grand buildings from the Austro-Hungarian times; the Szechenyi Baths, out on the city park were also very elegant. Smelled a little bit, that sulfur smell, but you could sit outside in the hot water and play chess in the winter time.

Q: How about the Soviet presence there?

KURSCH: The Soviets tended to stay out of sight. We didn't have much contact with the Soviets on my first tour. I went back in '86 as DCM. But, during the first tour, we didn't have much to do with them. I might have had some formal contact with their Embassy's consular officer, but I don't even remember that, to tell you the truth. Although, one of the things I did, with my Belgian colleague, was to establish regular meetings of our consular corps. We used to have special consular lunches. And so, I'm wondering if the Soviet came to that. It's possible that he did. The Soviet military was stationed at certain bases around the country. They would be escorted into town in groups to see the sights, but the contacts between Soviets and Hungarians were quite formal. And the Hungarians did not, with few exceptions, speak Russian. In fact, Party First Secretary Janos Kadar himself seemed to show off the fact that that he could not speak Russian. He was a Hungarian worker and he only spoke Hungarian.

Q: Did our involvement in Vietnam play any ... have any repercussions in Hungary when you were there?

KURSCH: I don't recall it being a major issue for us. Officially, of course, we were being denounced in the press. But, for Hungary, it was a far away place, except that when we set us this International Control Commission for Vietnam as part of this whole Paris peace process, the Hungary was the Warsaw Pact country that was named to participate in that. And one of my colleagues, Bill Shepherd, got yanked out of Budapest where he was political officer to go back to Vietnam and be our liaison. But I didn't remember an awful lot of public antipathy; you didn't have the protest movements there that you certainly had in Western Europe. I never remember huge demonstrations at the embassy, and if you had demonstrations, they would have been officially organized.

Q: Was the university sort of off limits?

KURSCH: Yes, unless you were doing something official. USIA had some contacts and there were some limited official exchanges.. Whether we had a Fulbright program then or not I'm not sure.. We certainly had it on my second tour. But, things were carefully monitored. And certainly Hungarians who wanted to get ahead needed to be very careful in their contacts with us unless you were an artistic type of person or the rare individual who would say "What are you going to do to me?" to the state. The American embassy was the place that was watched the most. After us, the Brits were the number two target..

Q: Well, was there sort of a tight embassy... in other words, did you get together with embassy officers of western powers and all that? Was there good comradeship there?

KURSCH: Well, yes. The western community which was very small, also included... the businessmen. But there wasn't much of a business presence either. You had the airline office representatives, there was not much of a press presence. You had Lufthansa, and Swissair, and our group, we got together and we entertained each other a lot. There were a couple of house Hungarians who might show up on occasion. And the ambassador could get more for official events. But in my case occasionally, I guess I got people from the foreign ministry to come to dinner from the consular department and the Hungarian lawyers and doctors from our consular section lists.. My first two years at post I was the consular officer. Then I became the economic officer for my second two years. Then I could invite guests from the Foreign Trade Ministry, the National Bank and the foreign trading companies.

Q: So you're there from...

KURSCH: '71 to '75.

Q: '71 to '75. Any... Well, we had the Yom Kippur War. Did that have any resonance?

KURSCH: Again, I don't really remember that having a big resonance. No. I think there was a fair amount of support for Israel in general in Hungary. You had a big Jewish community in Budapest, but also if the Soviets were for it, the population was probably against it.

Q: [laughter] Yes.

KURSCH: And you had official propaganda, and then you had the way people felt. I think there was also a good deal of personal contact between Hungary and Israel. You have a lot of people in Israel of Hungarian descent. What I do remember was the gradually after Mindszenty left relations became somewhat less cool. We had our first high level visit, actually right before Mindszenty left, by the Postmaster General, a man named Winton Blunt from Alabama, who recently passed away. And that was a big deal, because that was the first time a U.S. Cabinet member had ever visited Hungary, and we all played a part in his visit. After that, we started having more frequent visits by Cabinet members. We had Secretary of State Rodgers, and then I remember particularly the Secretary of Commerce coming in the fall of 1973 because I was his control officer. For the first time, I had an opportunity to be a control officer for a Cabinet secretary. We were then actively trying to promote trade, and that was fun. I enjoyed that visit very much.

Q: Was there, by the way, at all a community of American pensioners in Hungary?

KURSCH: There were a few. There were a few people. Although, it seems to me, when I first arrived we would not pay Social Security checks into Hungary because the exchange rate people got for the checks was so disadvantageous. But, in my time, we reached an agreement on the rate of exchange, and we started to pay Social Security benefits to American citizens living in Hungary. It wasn't a big community, it wasn't like Poland.

Q: Yeah. When I was in Yugoslavia, we had a large community. In Poland, and actually Czechoslovakia had a fairly large one, but...

KURSCH: I'd say at most we'd have several hundred. In the hundreds.

Q: Did you have a sense of belonging to the Eastern European Core or not?

KURSCH: Very much.

Q: At that time, it was considered very...

KURSCH: It was exciting. My parents came over to see me. My sister, I remember, we had a cute experience because my sister is eight years younger than I, and a rather tall, striking woman. Anyway, in 1971, my wife and I, we traveled out to Switzerland for Christmas. We drove out. My sister came over to spend Christmas with us. My wife stayed on in Switzerland, and my sister drove back with me to Budapest. So we stayed in the same military hotel by the Chiemsee. Do you know that hotel?

Q: Oh, yes, I've been there.

KURSCH: And I remember the second time we checked in, this clerk looking at me with this woman, Virginia Kursch, who is this man with these multiple wives? And also the immigration officer, I had a friend who was the deputy immigration officer in Vienna. He's the one who used to do the Eastern European countries, a very gracious man named Joe Lowery, who took the young consular officers under his wing...

Q: He'd been there for some time, hadn't he?

KURSCH: Yes, he was a good old boy from Florida.

Q: Yes, I dealt with him.

KURSCH: A very nice, kind man. He had an apartment right down across the street from the St. Stefans Cathedral and I remember him taking us to the comic opera in Vienna for the first time, we saw the Gypsy Baron.

Q: Oh, yes.

KURSCH: Anyway, his boss was kind of a political guy from Long Island, who was scared to death of the Communists. He would never travel across the Iron Curtain even though this was his territory.. But when I went to pick up the keys to Joe's apartment, he looked at my sister and said disbelievingly "some sister."

End of Side two, Tape one

[Side One, Tape Two]

Q: This is tape two, side one, with Donald Kursch. Yeah...

KURSCH: Then when I got back to Budapest with my sister... this was about New Year's or so, in early 1972. This housemaster and his wife were our minders. His wife was quite shocked that I had this woman, and we only had one bedroom and we were sharing this rather large bed. And, when my wife finally came back, she went running up to my wife, and said, "You know, your husband, when he was away, he had this tall dark woman in the apartment." And my wife kind of chuckled, and she said, "Oh, that was Don's sister." So, in the summertime, my sister really did come back, and there the housemaster's wife could see that she really was my sister. There went her police report, and probably her hopes for a small Communist decoration.. It was a very exotic thing to come and visit us there, and my parents certainly enjoyed it. My father, I remember him going for a haircut, and the full treatment he got for under a dollar, he couldn't believe it. It reminded him of New York, back in the 1920s.

Q: And all this stuff put on that smells...Yeah they really...

KURSCH: Yes, it was a good time. We were an important presence, symbolically. Certainly when you're young, you don't fully appreciate it at the time, the symbolism of your presence there, and that when you go out to undertake an official action you were a symbol of hope for these people.

Q: Yeah. Well, it's probably a good place to stop. This time I'd like to stop kind of at a good, what I think is a change, and then put at the end where we are. So, in 1975, you left Budapest and where?

KURSCH: In 1975, I came back here for a year of training. I took this six-month economics course, and then I took a Russian course, and then I was assigned to Moscow.

Q: OK, then we'll talk about that then, next time. Great.

[Pause in tape, between interview sessions]

Q: OK, it's the second of October, 2003. Don, you are back in the United States taking the econ course. How did you find the econ course?

KURSCH: It was an excellent course. It really was one of the best study programs I can remember participating in. It was highly focused and the idea was to give us the equivalent of a bachelor's degree in economics in six months, and I think they did it. They gave us the graduate record exams when we were through, and I got as good a score on my GRE for economics as I'd ever gotten on anything.

Q: [laughter] Well, how did you find, in later life, that what you picked up in this course... how useful was it?

KURSCH: I think it was very useful. It was a little bit like learning a language. It wasn't that you became a master economist, nor would that have been all that useful in what I did subsequently. But, when people talked about economics, you felt more comfortable engaging in discussions, less defensive. I found that it also provided a basis for pursuing certain interests you had later. I had interest in the economies of Eastern Europe at the time, and why they didn't function. It was an excellent program, and I hope it's still as good today.

Q: Alright, you took Russian.

KURSCH: I took Russian.

Q: So, you were really in studies until '77, around?

KURSCH: No. In fact, I got shortchanged. There were openings in Moscow, and I bid on a Moscow job. I wanted the economics course-I felt I had to have it as an economics officer-so for the second half of the year they put me in a six-month Russian language course and assigned me to a job at the US Commercial Office that only required a 2S, 2R in Russian. This is how I managed to fit in the economics and Russian language training in one year.. So, I took six months of economics and six months of Russian, which wasn't enough.

Q: So you got out there in '76.

KURSCH: I got out there in August of '76.

Q: And, you were there from '76 to when?

KURSCH: I left in January '78 because I was declared persona non grata by the Soviet government.

Q: Well, we'll come to that. But you went to the... your job was what?

KURSCH: We had, under the US-Soviet commercial agreements that were signed by President Nixon and Brezhnev in 1973, a stand-alone commercial office in Moscow that was across the street from the embassy. We were part of the embassy, but we were a separate entity. It was actually quite a unique operation for the United States at the time there.

Q: When you went out there in '76, what was the state in relations between the United States and the Soviet Union?

KURSCH: Well, there had been hope for an improved bilateral relationship when we signed these agreements in 1973. Then you had the Helsinki Accords, that were signed in 1975. Nixon and Brezhnev had exchanged visits. I think that there had been hope for an overall increase in contacts. On the Soviet side, there was the desire for greater trade and technological exchanges. We were hoping to increase our export markets. The Soviets believed that they could isolate increased trade and scientific contacts from other elements, such as cultural exchanges and other infectious elements from the West. But, there had been some disappointment because of our inability to deliver Most Favored Nation trading status to the Soviets, which had been promised in 1973. As you will recall, we also had the question of Soviet immigration policies, particularly the problems particularly with Jewish immigration and the link between that and Most Favored Nation treatment. During the time I was there, I would say disappointment began to set in, although it got worse after I left.

Q: Who was the ambassador when you were there?

KURSCH: Walter Stoessel was Ambassador when I arrived, he must have been there about a month or so, and then Malcolm Toon was the ambassador afterwards. And Jack Matlock was the DCM. He was the person I answered to.

Q: How did you find ambassador Toon? Was he interested in the commercial side?

KURSCH: He was very much interested in our presence. He loved our events. He loved to come down and open them up. We had a good arrangement with the Soviet Chamber of Commerce and Industry. We would pick out eight or nine thematic events a year, and every month we would do a particular trade promotion event that we would organize on a thematic basis. So, we had something, for example, on equipment and technology for treating air pollution, water pollution, heart disease and even raising poultry. And we'd bring over companies that sold these products, and we had what we'd call seminar mini-exhibits. We'd give everybody a little bit of exhibition space, a translator, and then we would have an opening event. The ambassador would come over and open the event and he'd have to push his way through all these Soviets who were in our little trade office. For the Soviets, it was really a bit like a little trip to America, it was a very pretty office. So, when the ambassador would get back to the embassy, and then he'd turn to some of the other sections, particularly USIA, and say, "Why can't you pack them in like that?"

Q: [[laughter]

KURSCH: He liked opening our shows.

Q: You mentioned all this equipment, but did many sales result from these, or could there?

KURSCH: Well, we sold things, certainly, that were licensable, I mean everything that we dealt with were in the quote, "nonstrategic" area, so a lot of medical equipment, equipment related to agricultural production, anti-pollution equipment, these kinds of things. I think it was kind of hard to tell how much sales really resulted and numbers produced were a bit of a scam by the Commerce Department. At the end of each of our shows, we asked each of our exhibitors how much they expected to sell in the coming year, and they'd put a number down. We'd send those back to Washington, and Commerce would collect them all and add them up. But how much was really sold was pretty hard to verify. But what was extremely useful, was the opportunity to do some market research in the Soviet Union which at the time probably was next to impossible. This was a very inexpensive way for a company to come over, we charged them $600-800, for this week in Moscow. We brought in an audience because we cooperated with the state trading companies who were the buyers and we would bring them into our office and have this intensive contact. So, if people were curious about trading with the Soviet Union, it seemed to me to be a good way to find out something about the place.

Q: I was wondering on this, a lot of our equipment requires... you know, you get a heart machine, or an anti-pollution machine, usually means there's an awful lot of equipment behind that piece of equipment, you know, a whole infrastructure to use. And for somebody to just get a particular piece of equipment really doesn't let it operate the way it should, because it assumes you have a whole series of knowledgeable people and equipment behind when there wouldn't be in the Soviet Union.

KURSCH: Well, I think that would have depended a lot on the industry concerned. Certainly in oil and gas we did a lot of business in the energy field in those days. The oil and gas equipment manufacturers were there big time. We even had large, specialized shows in Moscow for that equipment. The way the Soviet system worked Soviet companies or state organizations would say, for example "We need certain kinds of equipment for our hospitals, and we need this specialized equipment from the West." If a Soviet organization, had the money, certainly the Kremlin hospital probably had the money, they would make an application to the appropriate state trading company which would then go out and try to buy that piece of equipment. So, how it functioned later would be, a question how well the supplier was going to service the equipment, after setting it up.. And in many cases, they bought the equipment because the money was there and it was a prestige thing. Such equipment may not have been used very effectively.

Q: Did you have much follow-through? I mean where people who sold the equipment saying, "They didn't pay." r, "They're not using it.", or this sort of thing? Or were there problems on the Soviet side where our people were delivering?

KURSCH: The Soviet market was a difficult market to penetrate. Of course, they had a monopolist's power, or only one buyer, so the buying companies, the state agencies could play off the various foreign suppliers against each other. Although what we did discover is once you cracked the market, the possibility of getting repeat orders was pretty good. So companies would take the chance. You had one outstanding example, I remember. Pepsi-Cola, which cracked the market ahead of Coca-Cola, was widely sold in the Soviet Union. Pepsi then concluded a big deal to bring Soviet vodka to the United States. They gave this vodka a spiffy image and put nice labels on the bottles and successfully marketed it to Americans as a premium product.. So we had those examples of success, I think it was certainly a fact that the Soviet Union fascinated people, and the market appeared to be sizable. And their needs were certainly there.

Q: How did the Soviet trade officials treat you? Were they tolerant?

KURSCH: I'd say on the whole, we were treated pretty well, because we had something that they wanted. In the Soviet eyes, there was this first of all fascination with the idea of reverse engineering our products. They felt that if somehow they could only figure out how we made this stuff, they might be able to copy it and grab secrets from our companies.. Indeed, a fair amount of equipment was bought for that very purpose. The Soviets would buy a couple of prototypes, take it out to their laboratories, and try to figure out if they could make something similar. I don't think they were ever terribly successful doing that. I even wonder how successful they were in the military sphere. There they seemed to solve problems in their own ways. On the whole, our relationships were certainly correct. Generally contracts were honored. If companies did sell things, they got paid. Specifications were important. But for most of the time, our relations were correct, if not, particularly cordial. It was very hard to make personal friendships there. And that was the great disappointment, because my wife and I, when we had been in Hungary, had figured out to make friends with young Hungarians. But we got to Moscow and it was a much more tightly controlled system. I guess that's one of the things I guess I remember most clearly, how the KGB would do nasty little things such as when you would go away on a trip, they would turn the electricity off in your house, so all the frozen food in your refrigerator would melt and spoil. But, they then would turn they would turn the electricity back on before you got returned home again so you wouldn't know the food was rancid until you tried defrosted it again and tried to cook it. Or they'd flatten the tires on your car so you'd get a flat tire about 200 meters away from the house in the freezing cold. That happened to me about five times during the first months I was in Moscow. There was a good deal of petty harassment like this. Russians were not allowed to your home. I tried to invite my Russian teacher to come and watch a movie. I knew that she would report on us, but she couldn't get permission to come.

One incident, in fact, with this Russian teacher demonstrates the paranoia that must have existed in the country at the time. We became rather friendly, because as I told you already, I had only six months of Russian before coming to post, so I took a lot of Russian lessons in Moscow in an effort to reach minimum proficiency. My teacher and I agreed that we were going to avoid political articles: instead I wanted to read humorous stories, , When we had these trade shows, she would try to help me out with specialized vocabulary. In this connection she was always asking me if I knew her father-in-law who had been a senior engineer in one of the Soviet industrial ministries. One day, she told me, that this father-in-law next weekend was having his 70th birthday and that she and her husband were having a big party in their apartment. She said "You probably know him because he used to be the senior engineer in such and such a Ministry. But I didn't know him. She said, "we're going to have a surprise gift for him. The surprise gift is going to be a case of Coca-Cola because we got this from the embassy as a New Year's present. We have kept this case of Coca-Cola, wrapped it up, and we're going to present it to him. We've also written this letter from President Jimmy Carter congratulating senior engineer Ivanov on his 70th birthday." Actually, she continued, "I even have the old translator from his ministry. She's going to come and translate the letter from English into Russian."

I thought, that is kind of cute. Maybe the Russians have some humor after all. After a couple of weeks, I'd realized I had forgotten to ask about the birthday party.. During my lesson I said, "You know, Tamara, you never told me about your father-in-law's birthday party?" She said, "Oh, it was a disaster." I responded, "What happened?" She replied, "Well, first of all the translator wouldn't translate this message because she thought that it must be an important message of state and her English wasn't so good any more." So, my teacher said, "I had to get up and do the translation myself." Then my sister started shouting, "Call the police. Call the police. See, Tamara you talk so much in your class that those Americans find out everything." So I said, "Well, does your father-in-law understand that this was a joke and that this message really wasn't from President Carter?" And she responded, "Well, it took my husband a week to convince his father, but he now understands that this letter wasn't genuine." But she added, "these people have never forgotten the terror of Stalin's times, and still remain so afraid of contacts with foreigners."

And I'm thought to myself, if someone like my teacher, a rather sophisticated Muscovite with a doctor's degree from Moscow State University, has a family that is so paranoid, what must it be like out in the country?

Q: Oh, boy, yeah. I'd think we'd want to put trade oil equipment shows down in Batumi, places like that. Were you able to get out and do these things?

KURSCH: I was able to get around the country a moderate amount.. It was true that most of the decisions at the time were made in Moscow because everything was highly centralized, and the in nominally independent Soviet republics, the ministries took their orders from the central authorities. But we did participate in some small shows in the Soviet hinterlands. I visited in Uzbekistan, we had a catalog show on heart disease in Tashkent. Then I went down to Tblisi Georgia, a favorite destination at the time, to a food equipment show. Interestingly, I went out to the Ural regions with the American delegation from the Tennessee Valley Authority that was studying pollution problems from coal-fired power plants. What I remember most distinctly is that the level of pollution from the Soviet plants after treatment was higher than ours before treatment. Their favorite method was blowing the smoke as high up in the sky as they could. But at that time, it was difficult to get out there because it was a closed area, and they almost never approved applications for our diplomats to travel into closed areas. The delegation from the Tennessee Valley Authority was not affected by this policy and could get in. Because President Carter had recently received the Chairman of the Soviet State Committee on Science and Technology, the Soviets made a rare exception and approved my travel. But their approval came at 11:00 pm in evening prior to the morning of my scheduled departure. I immediately packed and was at the airport early the following morning for the flight to Sverdlovsk (now Ekatarinaburg). It was the only time I was ever on an internal Soviet flight with empty seats and they must have kicked off ten people to make room for me. But I made it out there and was treated very well.

Q: How did this commercial enterprise fit with the embassy? I mean were you able to make contacts or were they asking you for information, or were you getting information for them, or what have you?

KURSCH: We did a limited amount of reporting, I think we could have done more. I'm not sure it was coordinated as well as it might have been. We were there to do trade promotion. This was in the day when the State Department, before the creation of the Foreign Commercial Service, had the lead on trade promotion.. Our goal was to make contacts with businessmen, to offer businessmen who came into our trade center support, and to plan trade shows. The Commerce Department backed us up very well. They supported us materially, we all had our own little Russian cars to drive around. We acquired these cars so we would be able to support our participation at the annual Soviet trade fairs properly and cost effectively. But when I think of the traveling opportunities we had and our opportunities to meet people, we probably could have had more interaction with the rest of the embassy in terms of reporting.

Q: One of the big questions that one has to ask in light of subsequent events of anyone who served in the Soviet Union is how do we feel about the Soviet economy? Because the Soviet economy was probably the Achilles heel of the Soviet system. It just wasn't kicking through. But were we seeing that, do you think, that it really wasn't working?

KURSCH: Well, the difference standards of living was obvious. I don't think we appreciated, first of all, how much the Soviet economy was distorted by the enormous inputs that went into the military. People estimate that 15%-30% of GNP may have gone to the military. So what was left over for the consumer sector was not great. But the inefficiencies in the retail sector were very obvious. There was a slipshod approach towards everything. Construction was terrible. The quality of construction, the quality of apartments was very poor. There was a very negative, casual approach towards work by the majority of the work force. This dominant idea among Soviets was "They pretend to pay us and we pretend to work." One of the interesting things that I had not appreciated until I got there was the informal black or gray market sector that existed side-by-side with the Soviet economy. I remember running into that in Tashkent where we were out for this trade show that I mentioned previously. I was in the hotel dining room one night with my wife.. We dined communally because of space reasons. Anyway, this young man sat down with an attractive woman next to us and began ordering champagne and caviar. He was pulling out hundred ruble notes, which was a lot of money then. We struck up a conversation, and I asked him "What do you do?" He replied, "I'm a trader." I followed up, "Well, what trading company do you work for?" He laughed and said, "No, no. I'm a trader." And then he explained. He said, "We've got a whole lot of us out here. We come from all parts of the Soviet Union, we come here every year and we trade excess goods from our home regions, goods that are produced over plan, and we trade them for cotton goods that are made here in Uzbekistan." And he explained how they had to buy winning lottery tickets to show that they'd made money "legally" so that they could buy cars and other luxury products.. The potential for corruption in such a system was obvious. Indeed it was true, the room was full of people like him and he introduced me to a few of them. I thought of this afterwards because now, with the new economy, I mean, this must be where many of the "new" businessmen come from. There was a whole group of them. The Brezhnev period was a time of very high corruption.

Q: Was there a feeling that you were getting from your colleagues or from the Soviet side, concern about... you were approaching the end of the Brezhnev period at the time, I think.

KURSCH: Yes.

Q: His circle around him was practically using walkers. Did you get a feeling that this was not a very dynamic organization?

KURSCH: Yes, but you also had the feeling that they'd insulated themselves pretty effectively, because they gave off this faï¿½ade of power, indeed from the military perspective, they certainly had it. If you looked at the balance of our conventional forces, the forces they had in central Europe, the Red Army was a very scary operation for us.

Q: Yeah.

KURSCH: The weaknesses in the system were obvious. One would not want to live in a system like that. Of course, the Soviet citizens were so isolated from the rest of the world, they were not allowed to travel, they were not even allowed to travel to Eastern Europe. We had a wonderful Foreign Service national who worked in our commercial office and we tried to get her to go to a conference that Commerce had arranged in Poland for Foreign Service Nationals. Not only did the Soviet authorities not let her go, they fired her. The Soviets terminated her contract with us. So people couldn't get out and they didn't know any better. They'd come up to say to you, "It really is better here, isn't it?" I don't know whether they really believed this, or whether they were trying to convince themselves, but the internal propaganda had a lot of effect at that time.

Q: Were you able to see any of the fissures in the nationalities group?

KURSCH: Yes, I mentioned my trip to Uzbekistan. What hit me for the first time is what a classic colonial situation it was. Because, of course, these colonies were contiguous to Russia, I don't think they registered in most Americans' minds the way the former colonies of the British and French empires did. But, certainly, going out there at the time and one could see and feel a certain tension between the indigenous people and the European Russians. I remember going to the market in Tashkent early one morning and walking around with my wife. We were the only European-looking people there and the local people were giving us some pretty dirty looks. The city of Samarkand had a clear European quarter that had probably been set up by the Russian military at the time of the czars, and you had a sense that these places were quite different from the rest of the city.

Q: Were there any particular events while you were there, before we move to the persona non grata business? Any great visits, or something happening?

KURSCH: Well, let me think, you're putting me on the spot here to come up with special events. I mean we had a very active trade promotion program.. The high point, I guess, that stand out were these trips I took around the country: to Georgia, down to Tashkent, out to central Asia, and out to the Ural regions. I can't remember being involved much in high policy making at the time. We were an action-oriented office. I did get at bit involved later, in a job in the State Department where I was the deputy director of the Office of Soviet affairs. It was a wonderful time though, in terms of being able to explore the country in a way that few Americans could, because while half the country was closed, the other half of it was open. You could drive out in the countryside on the weekends. We went out Vladimir and Suzdal, we went to Leningrad. We went to Kiev a couple of times. It was quite fascinating.

The other thing we discovered was when you got out of town, people were less afraid of you. People were more curious, they hadn't been as conditioned to be afraid of foreigners. They were more willing to talk to you. One thing I remember is we had a young assistant in Tashkent at this trade fair I'd participated in and he came to visit us in Moscow and snuck past the guard into our apartment. He had dinner with us. He started looking at the books on my shelf. I had the Gulag Archipelago from Solzhenitsyn, and he was eyeing it. I said, "Would you like it?" He said, "Can I have it?" I said, "Yes, you can have it. I can get another one." He took it as if it was a piece of gold. I do remember that. Actually those moments were quite nice. We had a couple of Russian friends, including this very interesting man who had married an American girl, who was also our babysitter and was in Moscow studying Russian. He was a very resourceful fellow who had been trained as an engineer and built his own house. But he had dropped out of the system and was living at its margins. He and wife finally emigrated. These were the kind of creative people, who if had they been able to prosper, might have made things turn out quite differently for the Soviets.. For all the trials and tribulations that Russia is going through, my sense is that these kinds of creative people are now able to do a lot more.

Q: Huh. Oh yeah. They're working their way through something. They haven't ever had essentially, ever had a real democratic society, and you know these things are still... arise like a phoenix. They take a while. Well, how did you get... what did you do that got you kicked out?

KURSCH: Well, the thing I didn't do, was that I got the chance to go after a year into the economics section of the embassy, and I decided not to do it because, of course, it takes a while for you to learn your job, and I was starting to hit my stride after about six or seven months, so I thought "It's kind of crazy to change jobs now." I'd actually taken Russian with the economic consular, Ken Skoug, and we were on pretty good terms, but I decided to stay in the commercial office a second year. We had only four American officers and two secretaries in the commercial office. We also had a couple of spouses as support personnel. However, under our agreement with the Soviets on the establishment of our respective commercial offices, each side was allowed to have up to 25 staff members. So the Soviets immediately sent to 25 people to their Washington office, and staffed many of these positions with intelligence officers, which we made clear we were not. We had no classified material at all in our office. We had a pro forma lock on the door, but no Marine guards, or any special security other than the Soviet policeman who stood at the front door. Anyway, in late December of '77, we had caught a Soviet here in the act of buying documents from an FBI agent. I didn't know about this, of course, but we caught the guy and we'd expelled him. Right after Christmas, the Soviets called one of our people in and with the request that I be removed for activities inconsistent with my diplomatic status. Of course, it came in kind of a funny way. It was on the day after New Year's, which was a holiday for us that year but not for the Soviets. Ken Skoug, the economic counselor called me up and said, "I have to see you right away. Can I come over?" I said, "No, Ken, I'll come over to your place." So I went over to his apartment,. First of all, he walked me into his study and closed the door.. He then showed me this Soviet diplomatic note requesting my expulsion.. Since we couldn't talk in the apartment, we then went out for a walk around the block. It was January, and more than a little bit cold outside, but since everything was bugged, you didn't talk in the apartments. He then explained to me, what had happened.

He said, "Jack Matlock (then the charge) is as mad as can be, and he's not going to take this. He feels that the Soviet action is outrageous given the large size of their Washington office. Jack is recommending to State that if you can't stay, ten Soviets from their Washington office should be expelled." Ken then added, "But, of course, you can't tell anybody about this because if it became public there's no possibility of making a deal with them" So I said, "Can I tell my wife?" He said, "Yes, you can tell your wife, but nobody else." So the next morning I went in to see the DCM who I normally didn't interact with all that much.

Q: Who was this?

KURSCH: Jack Matlock. He was charge at the time. And Jack is very, very competent, really one of the top Soviet expert of his generation; a superb Russian speaker. He wasn't normally that interested in our trade promotion work, but he got really interested in this. In fact, we got to know each other pretty well in the next coming weeks. So, he sent in his recommendation, and I sat tight. We waited for an answer. He said, "Actually, I think that if Washington accepts my recommendation, your chances of staying are about 50%. I think they'll back down." So, we waited, and a week later the answer came back from the State Department. They said "no, we're not going to throw out ten Soviets, but we'll throw out another Soviet, and if the Soviets then retaliate, then we'll get nasty."

So Jack looked at me and said, "Your chances of staying just dropped from 50% to 10%. But we have to continue to play the game." But at that point, we started to make preparations to leave. We sold off a couple of things, including my wife's ceramic kiln that never worked anyway, and we started getting ready to go. It went on for another week. The Secretary of State, who at the time was Cyrus Vance, used to meet with Dobrynin, the Soviet ambassador, every week on Saturday morning. Indeed, in that second week Dobrynin was going to ask for my immediate departure, it was apparently among his agenda items, but before he could get to that, the Secretary raised the matter and said that he hoped that it could be handled amicably. Dobrynin said he'd look into it again but wasn't too confident. So, Matlock saw that and said "Well, your chances of staying are still about 10%.

Anyway, Senator Stevenson, the son of the presidential candidate, who was then the chairman of the subcommittee that handled the Export Import bank, was in Moscow that week. The Soviets were interested in qualifying Export Import Bank credits.. Stevenson was there from Monday until Wednesday. The moment he got on the plane, the foreign ministry called up and said, "Get Kursch out of here immediately." So, I had 48 hours to leave. I was right in the middle of preparing for this trade show, and I just said goodbye to the businessmen and said, "I have to leave now." I went home and we started making our final preparations. Jack Matlock organized a the farewell party for me that Thursday night. Bill Brown who was the head of the political section, and who later became ambassador to Israel, led a whole team out to the airport to see me off. It was quite impressive. They had this big sendoff for me. My wife and I, our three year old daughter and our young Swiss nanny, all showed up in Frankfurt airport with our Russian fur hats. I looked like Nanook of the North. Somebody got a picture of us which we still have, and a little bit of publicity. There was an article in the New York Times.. But, yes, we were gone. I have to say, my wife hated the place. My wife was in the fashion business, and everything about the Soviet Union, the cold climate, and the lack of fashion was quite unattractive to her. She was not unhappy at all to leave. I suppose leaving in January also made it easier; it was not the best time of year to be in Russia. So that was the end of that. I thought I'd never see the place again, but quite to my surprise, I came back.

Q: Well, we'll come back to that. So what happened January '77?

KURSCH: It was January '78.

Q: '78, oh yeah.

KURSCH: Well, we went out to Frankfurt, and I was I guess temporarily assigned to the Consulate General while they tried to find out what to do with me. They were quite generous. I think they allowed me to stay there for four weeks to qualify me for home leave and I started finishing my incomplete master's thesis.. I got that finished. Then I came back and started working in Washington. I worked in the RPE, which was the regional office for political economic affairs in the European Bureau. I was handling the economic aspects of NATO for about three months, but then I got into the trade policy office and did that for a couple of years.

Q: OK, you were in trade policy essentially from '78 until...

KURSCH: 1980. Then I worked in East-West trade from '80 until '82 in EB. I worked in the director general's office from '82 to '84, and then I was the deputy director of the office of Soviet Affairs handling the economic aspects of our relations from '84 to '86. Then I went back to Budapest as DCM.

Q: Alright, well, let's pick up your trade policy from '78 to '80.

KURSCH: Yeah.

Q: How does that fit in with things?

KURSCH: Well, at the time, it was basically, that office was a combination of the desk for the US missions to the OECD, and to the European Community. So it had those two aspects. And then we were the office that was supposed to look after trade issues and follow them from the standpoint of our European interests. In particular, agriculture... I followed agricultural trade issues, which was always a hot item...

Q: I was going to say, I'm sure somebody's doing the same thing with...you know, the situation didn't get any better I don't think.

KURSCH: No, it's more of the same. I got involved much more deeply with EU in my last overseas assignment. I have to say, though, that the office, at least those particular positions, it was one of the few times in my life I could have probably had just about any assignment I wanted at grade because they were feeling sorry for me, and they wanted to reward me. And they also said, "Well, gee, you couldn't go back to these communist countries again because once you have been declared PNG none of them will give you a visa...." So I thought I'd better look for something else. So this looked good. I was one of those jobs that looked better than it actually was, because I didn't have that many real substantive responsibilities. The substantive responsibilities for handling the most of the trade issues tended to be in EB. So we were always trying to move in on other people's turf, such as at USDA, the Department of Agriculture. And, I didn't have the kind of portfolio or responsibility for specific issues that I like to have. So in that regard, it was something of a disappointment for me. I don't think it was terribly career enhancing, either, frankly. With a couple of exceptions... There was one individual in the office, the deputy office director took an interest in me, and made sure I got on a promotion board, which was one of the most useful things I did. There was an unexpected opening on the promotion board, as somebody had dropped out. So I ended up spending one summer on the promotion board for FSO 5 to 4, or what now would be 3 to 2. So I was an FSO 4 at the time, or what now is a 2.. And that was very revealing because our board reviewed all the 05 generalist officers in the Foreign Service, all four cones. We were at it for the entire summer, working sometimes up to seven days a week. But this really gave me an insight into what people did, and into the various functions of the department. I found this very interesting. It also gave me a sense of what jobs might get you promoted and what jobs might be less desirable. So I found this to be one of the most valuable things I ever did. I also came away feeling that the promotion system, while like all systems, is not a perfect one, it is trial by peers, and on the whole seemed pretty fair.

Q: That's my impression too.

KURSCH: There seemed to be no possibility for outsiders to push their way into the system and make the board promote somebody. I thought we had a lot of integrity. The way we operated I don't see how that could have happened.

Q: Tell me on this trade office, trade policy... On the agricultural side, and what was sort of our view? Was there anything we could do about it? Or was this one of these things where we had our own subsidies... basically subsidies is an openness of market. I mean these are the issues. Subsidies I guess wasn't the issue at that point was it?

KURSCH: Well, the Europeans heavily subsidized their farmers. This has always been a basic element in the whole creation of the European community, high subsidies for French farmers, and a protected market for European agricultural products. So our goal, as it was later, was to try and find ways to penetrate that market, to resist European schemes to limit our access.

[END OF TAPE TWO, SIDE ONE]

[SIDE TWO, TAPE TWO]

Q: Well, on this, do we get involved in chicken wars?

KURSCH: The chicken war actually happened before I got there. I followed these issues as they were handled in the OECD, and I also did development issues. We tried to coordinate development policies and development assistance with the EU, and then we had this Development Assistance Committee of the OECD. I used to go to their meetings in Paris and also to the OECD's agriculture committee meetings. I therefore got introduced to that bureaucracy. One of the things I did take on, I remember they had something this technical assistance committee or TECO, that really seemed to me to be a rather marginal bureaucracy. I was able to get the State Department to threaten to suspend our contribution, if they didn't shape up. So I became a kind of feared adversary of the TECO.. I remember people coming to see me in Washington, swearing they'd reform and make these changes. So I think we did shape them up a little. That was one particular contribution that I made within that job.

Q: Now, that was '78 to '80.

KURSCH: '78 to '80.

Q: And then '80 to '82, you went where?

KURSCH: I was in the office of East-West Trade. This was an office that didn't get a lot of bidders, but actually was a very interesting office because we did trade sanctions and East-West trade policy. We had our functions and we had this organization in Paris, COCOM, where we tried to work together with the Allies to limit the flow of technology to the East. In our office, we were the trade policy section. We handled certain kinds of sanctions. We didn't handle COCOM directly, that was the other side of the office. But this was the time that Ronald Reagan was elected President and we had the invasion of Afghanistan. Actually, we'd started implementing sanctions even before that, because after Afghanistan, the Afghanistan invasion took place, we...

Q: This is December of '79.

KURSCH: We implemented sanctions against the Soviets. And then I guess by the time I got to the office, one of the things I remember is that we were trying to get the other Allies not to undercut our sanctions. And the French, being the French, of course, were the most flagrant. They picked up one particular contract, a contract for a steel pelletizing plant. So one of the things I had to do was come up with an options paper on different ways that we might screw the French. We actually came up with a several interesting options. The one we adopted was to keep French specialty steel out of the United States on the grounds that it could conceivably contain Cuban nickel. It's something the French might have done to us. This is the option that was checked off, and they were absolutely furious. And we wouldn't test their products. We said, "No, we couldn't, our tests could not prove that their steel didn't contain Cuban nickel." Of course they couldn't prove this negative. When the Reagan team came in, it seems that the French had gotten to Secretary Haig and got him to promise to take the sanctions off. And this was also a revelation to me. I thought at the time, "Well, gee, here we have really gotten their attention. Why are we taking these sanctions off? Are they going to change their policy?" I remember [Amb. Deane Hinton, he was the Assistant Secretary in EB. He said, "Son, you've to know when to put 'em on, you've got to know when to take 'em off."

Q: Yeah.

KURSCH: So, we did take them off. But it was a time when we were trying to stop the construction of this pipeline out in the Soviet Union, and this almost became an article of religious belief among certain members of the incoming administration. We were very much in the thick of trying to drafting cables, trying to get others on board. We didn't have an enormous amount of success at the end of the day, but we had staked out a pretty tough position. And then we were involved with the, well, renewal of Most Favored Nation treatment for the countries of Central and Eastern Europe. I was active in something called the East-West Trade Committee at the OECD, where we compared notes on policies and actions. Again, this got me out to Paris, and I enjoyed that. That was a good job. Richard Boucher actually worked for me in that job, so we had some very high quality people in the office. That was a good time.

Q: Well, how were the Japanese in this regard?

KURSCH: On sanctions, I think the Japanese were a bit more careful than the French. I don't remember having much to do with the Japanese in that job.

Q: Or was it a problem, Toshiba, did the Swedish-Japanese thing come up? That was COCOM or whatever it is.

KURSCH: It came up in COCOM.

Q: That was the one where they were specialized turbines, or something like that, that could used for, I think it was submarines, I may be wrong. We were trying to... and somehow the Japanese were selling rather advanced propellers or something of that nature to the Soviets, through Sweden.

KURSCH: That may well have happened. My recollection of COCOM, and this whole process that we had in force during the Cold War, we would complain about what the other countries would do, and indeed, I would say just about all of them, were less inhibited than we were. But, on the whole, the system probably worked pretty well. Indeed, without it, one can imagine how much trade might have gone on. We had these ongoing contacts. People had to defend what they did, and yes, the French would take advantage of a political decision, such as the decision of the Carter administration to get tough on Russia after the invasion of Afghanistan. But, in terms of selling goods that were on the list of strategic list commonly agreed on, we had a pretty broad agreement that we didn't do that. On the whole, it worked pretty well.

Q: On this business, were you in contact with the Department of Defense, as far as saying what they didn't want to get out and all that sort of thing, or was that somebody else?

KURSCH: Well, the other side of the office handled COCOM. We had two sections. So they dealt more with DOD than I did. I do remember a couple of dealings with some mysterious people over in DOD who wanted to ban the export of computers to Peru, of all places and basically wanted to things that had nothing, no consistency with the US export controls were in effect at that time. But I didn't deal with DOD on a regular basis in that job. I dealt a fair amount with the Commerce Department and USTR,

Q: Did you find, were we in conflict with commerce or USTR?

KURSCH: With Commerce? I don't remember that we had much conflict with Commerce. No, I think there was kind of a general understanding. Perhaps over the Soviet gas pipeline there must have been some conflict, but in the Reagan administration, now that I think back, you had some really hard line people in Commerce. You had a guy named Larry Brady and Bo Denysyk, who subsequently became a friend of mine, who were very, very tough on selling to or doing business with the Communists. In some respects, Commerce may have been more hardline than we were at State, when those people were there.

Q: Well, what about the pipeline? What were you getting from the economic people? Did this make sense, or did this become just a cause from the hard right in the United States?

KURSCH: Well, I think there was this resentment from the Europeans that we were telling them what was good for them. I mean it wasn't that this energy was going to be supplied to us, it was going to be supplied to Western Europe. We were saying, "You can't become dependent on the Soviets like this and give them all this hard currency." They didn't agree with us. And when they didn't agree with us, we just kept pushing ahead anyway, determined to block this project.. And, of course, there was a lot of commercial interest in Europe behind it. I recall that the German steel pipe companies were damned determined to go ahead. But we certainly did not have a lot of sympathy in Europe, and we had a major conflict over this, which, as I recall, we lost.

Q: Well, what happened? Is that pipeline still in existence?

KURSCH: The pipeline, yes it is still being used..

Q: It never really was a, never became... well of course things change so much...

KURSCH: Well, we'll get to that, when we get to the office of Soviet Affairs, because that was a very interesting part of my year with the Soviets.

Q: Well, let's move on then. Was anything else in this office that ....

KURSCH: Well one thing, our office director, Bill Root, was a Foreign Service officer who had switched to civil service, and the guy knew more about COCOM regulations than anybody else in the United States government. And he was not particularly of the same political outlook as the new people from the Reagan administration. So he would take on Defense quite rigorously. He knew the regulations so well that he challenged them, in saying, "No, that's not part of our precedent. Here's the regulation, here's the citation." And he'd drive them crazy. And he would people enormously angry. Some people even felt he was a traitor because of his positions. But Bill was a very highly principled person who would leave the office every day at 6 o'clock, but take all the work home with him. He would work until midnight every night.. I must say he was a person who was extremely dedicated to his job. So we had those fights with Defense, and they became quite fierce. He retired shortly after I left. They pushed him out.

Q: Then, after that, we're up to 1982.

KURSCH: '82.

Q: What happened?

KURSCH: Well, I was looking for a job. I was looking for an onward assignment, and I ran into my career counselor, washing my hands in the men's room, I think. They were trying to figure out what to do with me.. I was trying to cut a deal with an office director in EB, but the assignment would have been a two-grade stretch, and personnel didn't want me to have that, which was probably good at the end of the day because the job wasn't as good as the one that I got. They said, "we've got this position up in the Director General's office. It's a small policy planning shop, and it was in the front office. They're looking for somebody who has background in economic and consular affairs." So anyway, I went up and interviewed with the director a PhD political scientist named Bill Bacchus.

Q: Oh, yeah...

KURSCH: And I ended up working for him for two years. And that was also extraordinarily interesting, and very good preparation for my future management assignments.

Q: Could you talk about your impression of Bill Bacchus? Well, he's quite a... your impression of Bill Bacchus... I interviewed him a long time ago, he's quite an authority. Could tell me what...?

KURSCH: He's an extremely creative person, and I think a big asset at the time to the State Department and the Foreign Service. He's a person who had a, I think he had a PhD in international affairs from Yale. He'd been a Navy officer. And was kind of person who had thought a lot about joining the Foreign Service officer but never did. He had an internship once at an Embassy, but he'd never come in to the Foreign Service. Bill had been working on Capitol Hill and was brought in to the State Department in connection with the preparation of the Foreign Service Act of 1979. Ben Reed was his patron... But he'd made something of an academic career writing about the Foreign Service and State Department personnel systems. So, to work with him on a day by day basis, and to have him as a mentor, was a very great experience for me. I had a broad range of responsibilities there. I did everything from family liaison, working with the family liaison office on spouse employment, to job classification, to working with the intelligence agencies on their relations with us, to handling titles and rank with the Commerce Department. The only thing I really couldn't get involved with was assignments. The assignments people let me sit in on a couple of panels, but I was just there to observe the process on a one-time or two-time basis. I worked on affirmative action, including the women's affirmative action program, which we actually phased out because it had recruited twice as many people as had been set up for. I worked a lot on minority employment, those kinds of issues. I found that a very interesting assignment, and also I had great respect for Joan Clark, who was the Director General at the time. She was a person I recall of having great integrity and courage, who was a very straightforward, tough, and dedicated leader.

Q: You mentioned titles. At one point, I can't remember where, but I heard there was a civil servant woman who had been entitled in rank for years, this is who gets passports and who gets the title of a diplomat and all. And the chief ran her own little state department program that nobody, I mean, very hard to deal with. Because whether you have a diplomatic title or not, is not necessarily one of just being you know, making somebody more prestigious, because it can mean how you operate within a country and all. I mean it's an important position.

KURSCH: Yes, she was an old battle axe. What was her name? Betty Bowers or something like that?

Q: Something like that, yeah.

KURSCH: I did deal with her a couple of times. But, I would say that my challenge at the time was Commerce wanting to get the minister-consular titles so they could be equal to the State Department economic officers in embassies. They eventually went to Congress and got these titles written into law. But my job at the time was to write letters back from the Secretary of State to the Secretary of Commerce explaining why this would be inappropriate. So we held out for a while, but we inevitably lost that battle.

Q: What was your impression of the affirmative action program? I mean, how was it working, what were the problems?

KURSCH: I had been very supportive of the goals of the programs and appreciated the need for the program.. In terms of minorities, we had a real challenge in the State Department at that time, because we just could not get enough qualified minority applicants interested in the Foreign Service. We couldn't get people to apply; when they did apply, they didn't pass the test. So we came up with a major program to allow the more promising applicants to enter on a trial basis. We had a very high number of resignations of people who didn't stay in, but I was able to come up with a study on why people left the program. I put this together with the help of a very wise old African-American woman who was a mentor for the program, and she gave me some insights into individual cases. Although I made these anonymous, it gave us something of a statistical base. What we did discover is that we had a very difficult time recruiting and retaining Afro-American men. Afro-American women were much easier to recruit and retain. So I probably produced the first study that had any statistical validity on who we were recruiting, why people left, did they leave for voluntary or involuntary reasons. I recognized the complexities and challenges of that. Now, on non-minority women, we had introduced this mid-level hiring program because of the class-action suits. The women who came in under that program created quite a bit of tension with those women who had come in at the bottom grades and had worked their way up from there. I believe we had agreed accept 100 entrants in the women's mid-level program when it was established. When I became involved we were already approaching 200 entrants.. So, together with the people in personnel, I proposed that we phase out that program. And, much to my satisfaction, we got agreement to do that. Had we not taken that action, it might have gone on forever and forever.

The other thing I did, looking back, I got incentive pay for all the people studying East European hard languages. That's something they should thank me for, because I'd discovered we'd given it for Hungarian but not the other hard languages of the region. I did put in for Russian, and Polish, and probably Bulgarian, and also Serbo-Croatian, those four languages. A good part of the reason was that the level of Russian speaking at that time was not very good. I, myself, only had six months of Russian training, but I actually got a 3-3 after I came back to Washington. The people who had been in the 10-month course, did not get 3-3s, quite remarkably, and there was a big scandal. So, anyway, I recommended this expansion of incentive language pay to the Director General and she had me go up with her to the Undersecretary for Management. She turned to me and said, "OK, Don, you make the pitch." And I did, and the undersecretary said, "Approved." And so, a lot of people got a nice incentive as a result of that. I'd forgotten about that until right now.

Q: Well, did ... I'm trying to think of what other things you got involved in in this thing, on this thing.

KURSCH: Well, we were doing family employment, which is an area where the department has done extremely well over the years. When I think of the possibilities for dependents now. I can remember being involved in the question of how people could apply credit from their temporary employment at overseas posts toward permanent civil service positions once they returned home. We developed and implemented some regulations that made this possible. The family liaison office had just been set up at the time and Sheppie Abramowitz was the head of it. That has become a very successful operation. I'm convinced that probably the biggest problem for the future of the Foreign Service is to persuade other family members to also go overseas. Unless there are employment possibilities for spouses, fewer and fewer family members will go overseas.. In my opinion, the need to create employment opportunities is a greater challenge than dealing with constant moving and occasional separation. On this question the department and the US in general, took a strong lead.. I've looked at other foreign services, they've copied a lot from what we've developed.

Q: Well, your final one was '84 to '86?

KURSCH: Yes, I came back to the office of Soviet Affairs, and I didn't expect to do that because I'd been told that when I came back from Moscow, I could forget about serving in Eastern Europe or the Soviet Union. I was on this black list. Well, anyway, a colleague of mine from Moscow, Ken Yalowitz, who subsequently became Ambassador in Belarus and in Georgia, had that job, and he approached me. He said, "Are you interested in succeeding me?" And I said, "Well, yes." as at the time I certainly didn't have a better offer. I was looking around and had somebody who was trying to recruit me for a job in EB. I said to Ken, "You know, I'm damaged goods from the Soviet PNG action" We then went to see Tom Simons, who was then the office director for Soviet Affairs. Tom was later Ambassador to Poland and Pakistan and a very distinguished officer. Tom said to me, "Well, let's see what the Soviets do. Let's see what happens." So, anyway, they hired me. It was a good time to be in that job, because after Ronald Reagan was reelected in 1984, he decided to try and improve relations with the Soviet Union, and particularly in the economic area. We actually won battles with the Defense Department. State and Commerce together actually seemed to be winning more often than we lost. I remember going back to Moscow in January 1985 to a planning meeting for the US-Soviet Joint Commercial Commission whose activities had been suspended following the Soviet invasion of Afghanistan.. I was part of the State group in a large interagency team that included, USTR, Commerce, USDA and others. The leader of our group was Lionel Ulmer who was then the Undersecretary of Commerce. . I do remember coming into Moscow and seeing all those old revolutionary slogans on the buildings, except this time they were signed by Constantine Chernenko. When I saw that, I thought, "If a man from Mars came down and was looking for a revolutionary society, he'd put this country in last place." The whole idea of Chernenko being a revolutionary leader was so patently ridiculous that, at that point, you thought, "This can't go on much longer." We did a number of things for the first Reagan-Gorbachev summit of 1985.. As I recall, several of the agreements that were announced at the summit came out of our little office. We had an agreement on Safety of Life at Sea (SOLAS), that involved the US Coast Guard. We had an agreement on safety of air traffic in the Northern Pacific, which was meant to try and deal in a small way with the Soviet shootdown of KAL 007, which took place in 1982.

Q: That's when a KAL plane was shot down going over the Kamchatka Peninsula.

KURSCH: That's the one. Well, we basically told the Soviets that they couldn't again fly to the United States unless they acknowledged took some responsibility for that tragedy. Simons' idea was that we would get them to apologize by signing this accord on North Pacific Air Safety, to put some system into effect that would make it impossible for something like KAL 007 to happen again. So, we put together rather interesting trilateral agreement between ourselves, the Japanese, and the Soviets to set up a monitoring station and something equivalent to a hot line. After a fair amount of negotiation, we were able to get that signed; at which point, then we said we would negotiate a bilateral aviation agreement, which we knew that the Soviets wanted. Typically they were somewhat difficult about working out the details for the aviation bilateral talks and only agreed at the very last minute to sit down with us prior to the summit. We then had to get Secretary Shultz to call up Secretary Elizabeth Dole, who was then the Secretary of Transportation. I remember writing a decision memo arguing the need to proceed and having my boss, deputy assistant secretary, Mark Palmer, go up to Shultz's office. We persuaded Shultz to call Dole, and to ask for her cooperation. Dole had her people from DOT in my office the next morning with their Soviet visa applications. They clearly didn't want to go like this and were visibly unhappy. Although this was very much a last minute thing, we got the aviation agreement completed just in time as the summit meeting was braking up. The other thing I remember when we were out in Moscow, was to tell the Soviets that their Aeroflot office could not have more than four Soviet citizens.. They didn't like this but accepted our terms. The Soviets were great stallers and enjoyed dragging out the proceedings even for an agreement where they had been the demandeur. On Wednesday night we had 30 outstanding points. I'd sent a cable off to the Secretary's party in Geneva where the Summit was being held saying, "I don't see how we can wrap this up by the end of the week. We're making no progress on the following 30 points." The next morning, the Soviets caved in on every one of them. So we did get it done. That was an interesting time, and I guess it was also satisfying for me because I have never been a big fan of trade sanctions as a substitute for policy, and particularly the kind of sweeping trade sanctions that are often used much too often. I have a great respect for Secretary Shultz. I can recall, by the way, how the people in the Pentagon would battle even after interagency decisions had been made. Weinberger would try to go through the back door to send appeals to the President to change his mind but the President did not change on the issues I handled. So we did make some good progress in those years. We also beat back attempts to put even more restrictions on trade. People wanted to keep out Soviet products because they were allegedly made with slave labor and things like this. DAS Mark Palmer, whom I later worked for in Budapest, was one of the few people that would take on these unpopular issues involving the Soviets, and go up and testify before Congress.

Q: You know, it does seem that trade sanctions, it comes down to if another, and I'm speaking from the American perspective... if a country is doing something we don't like, but we really can't do much about it... it's don't just stand there, do something, and trade sanctions seem to be one of the easiest things to do. It seems like you're doing something.

KURSCH: Well, it's a substitute for serious policy.

Q: Yeah.

KURSCH: If they're done unilaterally, they have no real impact at all, unless you're the sole supplier of the product. But at the time, you still had this sense, that we had much more ability to supply a product that others couldn't supply than was actually the case. Maybe in 1948 that was true, but it certainly wasn't the case true in 1978 or 1984.. And also, there was the sense that we should stand up for principle, even if we're wrong. We should stand up for principle even if others are going to make the sale, we shouldn't dirty ourselves. There's also this notion that trading is a privilege. Now, fortunately we've changed this unfortunate term of Most Favored Nation treatment to "Normal Trade Relations" and I think that this is an important change. Because the old term promoted the idea that we were somehow doing people a favor by trading with them. The appeal of trade sanctions seems to be much less strong today than it was then.

Q: Were you able to get industry to come and say, "Hell, they're not letting us sell our widgets and they're buying Australian widgets."

KURSCH: Industry was always a bit careful when dealing with the Communists.. You had certain businessmen like Armand Hammer, who had made his reputation doing big deals with the Soviets. But most US companies, and when I was in Moscow many of our biggest companies had representatives there, would be somewhat cautious in terms of being too much of an advocate for trade with the Soviets. They were fearful of how it might hurt them elsewhere. I mean there were exceptions to that. For example, Don Kendall of Pepsico was an exception. Behind the scenes quietly, I think they were certainly pushing. But much of the change of our policy then, from what I've read, was really President Reagan himself. He became fascinated with Russia. He had these well known authors, Robert Massie and his wife, who were giving him a tutorial on Russia. When he won his second term in office, there seemed to be this interest, "How can we increase communication between Americans and Russians?" And then the advent of Gorbachev, of course, really helped a great deal, when you had a new generation of Soviet leadership. As Margaret Thatcher said, "This is somebody I can do business with." That made a very substantial change.

Q: Well you mentioned the pipeline. Did this come up during this time?

KURSCH: No. I think the pipeline, as I remember it, was done and built by then. Rather this was at a time when we were trying to catch up to what some of the others were already doing in the Soviet Union. In terms of what kind of big business deal we did, I can't think of anything offhand. We never were able to give the Soviets Most Favored Nation treatment. Although, to a great extent, that was more symbolic than real because they didn't have that much to export.

Q: Yeah.

KURSCH: And, we also had restrictions on export/import bank credits. Those kinds of things.

Q: How about China? Did it come under, in those days, was it much of a player?

KURSCH: I was never really involved with China, at all. The only Chinese contact I've ever had were in Budapest. When I went back there, I did develop relationships with the Chinese DCMs because on my second assignment we could have contact with them. Whereas, on my first assignment, we didn't have any contact at all. What was a bit curious was that my common language with the Chinese in Budapest was Hungarian. What I did deal with in the office of Soviet Affairs was the effort to define our maritime border with the U.S.S.R. in the Bering Sea. We had these series of negotiations on this Soviet-US border, which I believe we may have finally settled. I dealt a lot with the office of legal affairs on that. We had some crazy Americans who were claiming Wrangel Island in the Arctic Ocean as US territory. That attracted the support of some extremist elements, even in Congress, who claimed we were giving away American patrimony. So I did have some interaction with those items.

Q: How was that? What did we do? Was Wrangel pretty much within the treaty... the Seward Purchase?

KURSCH: No, it's on top of Siberia. It's not even close. But there was some guy who worked in the agriculture department who had claimed to own the place and insisted that we'd given it away. His claims appealed to those individuals and elements who would believe ill of the State Department. But they were so far out. I remember Liz Verville, then the Deputy Legal Advisor and I went up once to brief a Congressman known as "Bullet" Bob Dorman, who was one of the more right wing members of Congress from California. Even he had to agree with us that these claims were far-fetched. But they were a nuisance, and the mail... we would get tons of mail on this from the hinterlands.

Then there was fishing. We had fishing problems, although not so many with the Russians. I do remember one, when I first came into the job, I was asked by the office of fisheries if I wanted to go to one of their regional meetings up in Alaska, and I did. I used it as an opportunity to consult with the Coast Guard in Alaska on maritime safety and rescue talks with the Soviets. We had this joint US-Soviet fishing venture out in Washington State. Anyway, I went up to this fisheries meeting in Anchorage, and there was a tough looking bunch of guys there. When the break came around, I cautiously introduced myself and asked if there were any problems they were having with the Russians that I ought to know about. The fisherman said, "Nah, no problems with the Russians, but get those Koreans. Or get the boats from Taiwan, those are the ones that are causing the problems." At least that was one Soviet-US problem we didn't have.

Q: Well, now, after this... interesting... but you'd been the States a long time. Were you getting kinda nervous about being there, or did you like it? How'd you feel about that?

KURSCH: Well, my wife was working, and my daughter was in school, so we stayed as long as we could. The last job was well-timed. I knew we had an 8-year rule then, so you were allowed to stay back in the US for eight years. We had to make a decision, were we going to stay in the Foreign Service or were we going to go overseas? My wife was doing pretty well. She was in the fashion business. She was getting increasingly better paid jobs, so it was a big decision for us to go out again. But I got an offer I couldn't refuse.

Q: What was that?

KURSCH: I went to Budapest with Mark Palmer. I went as the DCM in 1986. He and I had met through my job on the Soviet desk.. He was the Deputy Assistant Secretary for the Soviet Union and Eastern Europe and was my boss" boss and my reviewing officer. He was named Ambassador to Hungary, and when he found out I'd served in Hungary before, he offered me the DCM job, and gladly I took it.

Q: So, from '86 to when?

KURSCH: To 1990. I was there for four years. In fact, he left before I did. That was a complicated affair, but I ended up being charge for the last half year there.

Q: '86. What was the situation first in Hungary, and then American relations with Hungary? First, politically...

KURSCH: Well, Hungary, at the time, was the country within the Warsaw Pact that was furthest along toward reaching out to the West, and towards tolerating economic experimentation, particularly, allowing small privately-owned enterprises to operate. You could feel and smell the changes in the air.. I think they were also the most liberal on travel. Poland, of course, had some special qualities about it, but I think that Hungary was probably the most Western oriented country in the region at that time. Our relationships with Hungary had been relatively bad during my earlier tour because of the lingering aftermath of the 1956 Revolution and the subsequent presence of Cardinal Mindszenty the Embassy for 15 years.., When we went back to Budapest in 1986 there was a fundamental change and an opportunity to engage the government and the society as a whole.. Mark, who had been a civil rights activist in his youth, had been a freedom rider, and this kind of activist. I think he'd been the chairman of SNCC (the Student Non-Violent Coordinating Committee) at Yale when he was a student there, and was one of these people who was proud of how many times he'd been thrown in jail in the South. He was a perfect person to take on the Communists. He had done that in his previous job. The Reagan people liked him very much. Shultz liked him very much because he was an advocate for freedom and democracy and was quite outspoken and very articulate. He wanted to take that on and encourage the Hungarians to rise to their potential.

Q: Now, who was the head of the government in Hungary at the time?

KURSCH: Well, Janos Kadar was still the head of the Communist Party when I returned. I'm trying think now of when the changes took place, because I know that Kadar passed away while we were there. But a transition was taking place. There was a man named Karoly Grosz who succeeded Kadar as the party first secretary, and he was the person we dealt with in party headquarters. Also a man named Matyas Szuros who was the party secretary for foreign relations. They were pretty traditional characters, but they saw that things were changing, and they were trying their best to catch up. And of course, Gorbachev was in power in Moscow, too. So while in earlier years, the Soviet Union was a big brake on the countries of Eastern Europe, now, with Gorbachev being in charge, these guys, even many of the old style people, wanted to catch up, with the notable exception of East Germany. So there was a very different environment. It was possible to just have a lot of contacts, get out, meet people, do things, show the flag, make speeches. Of course, our business people were becoming more interested. We did have Most Favored Nation treatment with Hungary. There were trading opportunities there that hadn't existed before. We were actively engaged with the new political forces.

Q: What was your impression of the Soviet forces there at the time, when you first arrived?

KURSCH: In 1986 when I came back the Soviets were still there. They had their bases outside of Budapest and around the country. They were clearly identifiable. I remember they had a large base on the road to Lake Balaton, that you could more or less drive right through on a public road. But they didn't intermingle much with the population. I think what was different though, when we went back, was our relationship with Soviet diplomats. I wouldn't say it was friendly, but it certainly much more frequent. I remember that my wife did a fashion show for the benefit of the American school. This Soviet ambassador came to that as our guest.

The fact that we could put on this fashion show was a demonstration of the enormous changes that had taken place. We had a previous American ambassador who offered us a challenge that he would give us a dollar for every dollar we raised. So my wife took this on with the hope of promoting some young fashion designers she had gotten to know.. She got the hotel space for the show and the catering donated. And then we proceeded to sell tickets. She raised $5,000-$6000; and even got written up in the New York Times. It was the kind of thing you could do in 1987. As I said, the Soviet ambassador even came. So there was a real fundamental change. Friends of mine didn't have to hide the fact that they were coming to dinner at my house any more. People weren't afraid. That was the biggest difference.

Q: Were there any particular interests that you were... Let's sort of divide it up before, probably early '89, prior to that.

KURSCH: Well, I'm trying to think of exactly. My job as the DCM was to manage the rest of the embassy, and to free up the ambassador, and to substitute for him when he couldn't do things. So there was a broad array of things you did, from handling personnel problems, to reporting, public affairs work and dealing with the physical security of the Embassy. We had inherited a somewhat difficult situation because our previous ambassador was a political appointee who liked to divide and rule, and I was getting anonymous letters denouncing other people in the embassy, things like that when I got to the post. So I had to deal with that. We had numerous property questions. We also had a lot of USG property in Hungary. One of the things that we had to do was to figure out how we could best use this.

End of Side Two, Tape Two

[Side One, Tape Three]

Q: This is tape three, side one, with Don Kursch. You were talking about you had a security problem because of Sergeant Lonetree in Moscow. Could you briefly describe what the situation... why everyone was concerned.

KURSCH: Well, there was this sense that we shouldn't have foreign service nationals working in our embassy. It was kind of interesting at the time. We always had foreign service nationals in Hungary, in unclassified parts of the embassy. And, here we were in the late 1980s just as things were opening up and there was enormous political pressure for us to get rid of all our FSNs. We initially said, "Is this serious?" But, indeed, it was quite serious. The Secretary of State, himself, couldn't understand why we had non-Americans, or locals, from these countries in our embassies. So, we decided what we needed to do was to come up with a pro-active plan that would take care of some of these security concerns but enable us to operate. Part of this involved building a new American-only secure chancery, and have all the classified functions of the embassy take place in a building, where you'd have no foreign service national presence. At the same time the public functions of the Embassy such as USIA, the commercial service and the consular be carried out in a separate unclassified facility where FSNs would be employed.

So we put this plan together and we sold it. People liked it. I remember the people from the President's Foreign Intelligence Advisory Board (PFIAB) coming out and being quite tough, but leaving saying, "Yeah, this plan makes sense" So, my job was to negotiate the terms of construction for this new secure embassy, and buy the property. We subsequently did buy the property and the Hungarians signed the terms of construction agreement, which gave us almost everything we asked for, including total control of the building materials and bringing it in and out of the country. They decided they were going to make us happy. Of course, we never built this new embassy and are still in the old place. But, at the time, our efforts enabled us to continue to operate in a rational way and avoid precipitous action, so they were very worthwhile.

Q: Well, you were in Hungary, which is one of the focal points during, during 1989, in Eastern Europe. By Hungary opening up its borders, how did you come across this, and sort of developments in there?

KURSCH: Hungary was a pretty open country in terms of travel, by itself. The major restriction for Hungarians trying to travel to the West was money. They didn't make much money, and the West was expensive. But, of course, for East Germans, Hungary was the West. They came down to Hungary to get a taste of a more tolerant society. And the way I saw things were changing is I remember being invited to lunch with Congressman Tom Lantos at Lake Balaton. It must have been towards the end of the summer in September 1989, a little earlier than it is right now. When we got down to Lake Balaton, which is about 80 miles out of Budapest, we saw all these cars with East German plates parked in shopping areas, people just driving around, not looking like they were going home. It was an interesting phenomenon. I was just struck by the large numbers of these cars. And indeed, they weren't going home. Then these East Germans started taking asylum outside a church in Budapest which was close to the ambassador's residence, and the German government was placing pressure on the Hungarian government to open the border and let them leave. The sympathy in the Hungarian public was overwhelmingly on the side of the East Germans, to let them go to the West..

So, to my mind, there was no question that the Horn government, Gyula Horn was then the Prime Minister, would let them go. This government was fighting to retain legitimacy themselves, and ultimately did it quite successfully. Horn was a tough guy too; he came from a tough part of the party, but he managed the transition quite well. So, in any event, when the decision was made, I was not particularly surprised that the Hungarians decided to open the border. But the Germans were pleasantly surprised, and Helmut Kohl treated Horn as a great hero and friend of the Federal Republic. Indeed, the opening of the border was one of those moments, perhaps not quite as dramatic as the breaching of the Wall, but it was one of the key moments of change. Then the East Germans shut off travel to Hungary, which became a forbidden country for East Germans.

Q: What were you getting from the Hungarians who were [_____] in the Soviet Union about the whole Gorbachev thing? Were they with it, or was there concern, or did they understand what was going on?

KURSCH: Hungary's main desire was to become part of the European mainstream. The Hungarians, of course, really don't have much of an affinity for Russia. They're not Slavic people and they've had a bad history with the Russians. The Russians put down their revolt of 1848. I think that Gorbachev's rise brought hope that there would be many more possibilities, and the Hungarians pressed those to the limit. I guess there was always some residual fear that things could conceivably go in the opposite direction. But, then when the Soviets started pulling out of Hungary, and those were the great moments when they pulled out there troops, when they shut down their air bases...

Q: When did they do that?

KURSCH: I'd have to say this is '89 and '90 when that was going on, because I can remember them closing up certain bases, I remember them pulling out troops. I don't remember exactly when all the troops left, but I think it was about the time I was leaving. Yes, those were great moments; and when that happened there was this sense that fundamental change was at hand. Then the Hungarians had their own free elections. That was exciting, when they started setting up their own political parties; when the Communists party turned itself into the Socialist Party, and you had other new parties such as the Federation of Hungarian Free Democrats and the Hungarian Democratic Forum. We were certainly very much engaged with all these new political forces, and we encouraged them. And after all of this encouragement of democracy, all of a sudden, there it was in front of us.

Q: Did we get involved by having non-governmental agencies coming in to show them how to run elections and that sort of thing?

KURSCH: We had programs with the Democratic and Republican Parties' Institutes, and the National Endowment for Democracy. There was also a lot of NGO activity. ... The AFL-CIO was also very active. I remember that their president, Lane Kirkland, came to Budapest and that I had a reception for him. There were also numerous congressional visits. I had four CODELs in one week, two arriving at the same time. We had an enormous amount of Congressional interest in Hungary at the time because it seemed to be on the tip of what was happening. Things happened quickly. I can remember one man who had been one of the few professors at Karl Marx who had not been a Communist all who suddenly became the foreign minister, I mean this was quite something. It all came out very well. Mark Palmer, our Ambassador, was a great optimist. He really did-and still does-believe in if you give people freedom, they'll do the right thing. He made Hungarians believe in themselves and became a great inspiration for them. Hungary has had a very tragic history. They have the worst won-lost record in war of any European Country; I think they were 0 and 7 going back to the 15th Century. Thus they were always on the losing side,. unlike the Romanians, who seem to know when to change sides. Hungary even had a pro-fascist coup in 1944, so you know they have a poor sense of timing.Q: [laughter]

KURSCH: In many respects it's amazing that they still exist as a country. Mark Palmer inspired the Hungarians to have more confidence in themselves. One thing he did that was that I think was a pretty clever idea, We came up with the idea of bringing the Peace Corps into Eastern Europe. I recall that this came out of a brainstorming meeting, and I don't know exactly whether I said it or he said it, whatever, but we agreed to try and bring the Peace Corps to Hungary. He wrote to Paul Coverdale (later a US Senator from Georgia), who was the head of the Peace Corps, from this contact we developed the first agreement to bring the Peace Corps into Eastern Europe. I remember going out to welcome the initial group of volunteers. This made me feel really good.

Q: How did the events in Czechoslovakia and East Germany ... were the Hungarians sort of hanging on to the TV watching this? Was there any feeling of apprehension or joy?

KURSCH: Well, Czechoslovakia held on as a hard line country for a pretty long time. I remember going over there in 1988 at Christmas time to visit the DCM and seeing how unfavorably it compared to Hungary, although even there change was going on underneath. The big event that I do remember was the breaching of the Berlin Wall. That was the key event. My immediate sense was, "Is this really happening?" And then you had realized that the era of Communism was over. The Hungarians felt quite vindicated in everything they were doing, but by that time, they were well on the road to a multi-party system. The Communists were actually trying to catch up, which they have done rather successfully. All these years later their successors are power. The head of the Socialist Party in Hungary today is a man named Laszlo Kovacs. In my time he was the area director in the MFA who handled the US and had just returned from a tour at party headquarters where he had been working on foreign affairs. When the Communists lost power he left the foreign ministry; got into politics, and rose to become the head of the party and the leader of the party in the Hungarian Parliament, and is now the foreign minister. Gyula Horn made a similar transformation. So a many of these guys are the same people who we knew in the last days of Communism who later re-invented themselves as democratic socialists, and have performed pretty well.

Q: How did the events of the fall of Mr. and Mrs. Ceausescu ...

KURSCH: Oh, yes...

Q: That was moving into December, I guess.

KURSCH: Yes, about Christmas time. Well, of course, the Hungarians and the Romanians don't have a great deal of affection for each other. You have a large Hungarian population who still lives in Romania. I traveled over to Transylvania in the fall of 1988 and it was pretty bad. In fact, I had a Hungarian driver who came from Transylvania and was always after me, "Could we go over there?" He had relatives that he wanted to visit. So I took a five or six day trip driving through Transylvania, through these Hungarian areas in the last days of the Ceausescu regime. It was very, very depressing. Poor, highly oppressive, almost a stereotype of what you recalled from your images of Stalinist times of the 1950s.

Not surprisingly, the fall of the Ceausescu was greeted with great enthusiasm. The Romanians were suddenly popular. The Romanians copied what the Hungarians did during the Hungarian revolution, cutting the Communist symbols out of the middle of the flags. This was a great moment.

Q: Did the nationality problem intrude on our policy there? You've got Hungarians in Yugoslavia... that whole map there is overlapping in ethnicity.

KURSCH: Did it intrude on our policies? Certainly I think there was some effect. With the Romanians, I know that people like Mr. Lantos were very interested in the Hungarian minority in Transylvania. He pressed the State Department to set up a consulate in Cluj, Romania at about the time when I was finishing my tour. The idea was to have an American presence and to report on the minority situation there. The Hungarians, for their part, were very good with their internal minorities, because they had very few. Their biggest minority, and their most problematic minority, are the Roma population (Gypsies) which is a significant minority of between 5-10%. It's a problem that most of the countries of the region have. But otherwise they would go over backwards to take care of their small Slovak, German, Serb and Romanian minorities by encouraging the use of these languages and promoting cultural events. The Hungarians would try to get their neighboring countries to offer comparable treatment to their respective Hungarian minorities, with limited success.. Other than the Roma,, I don't recall that Hungary's internal minorities were a particular problem, however the treatment of Hungarian minorities in these countries was, and continues to be, a very sensitive issue.

One problem we did have while I was the use of Hungary as a transit point for Soviet Jews emigrating to Israel. At one point, the Hungarians were threatened by terrorist organizations if they continued to allow this to happen and the president of MALEV, the national airline, announced that the airline would suspend the transit of emigrants through Hungary. I quickly received a call from an interested congressman , in the middle of a dinner I was hosting for someone, saying, "Kursch, what the F*** is going on out there?" And I said, "Well, let me get on to this." I remember going to see the acting foreign minister the next day.. I walked in to the foreign ministry at 5 o'clock on Saturday afternoon, and the was the security guard and the acting minister seemed to be the only two people in the building. We walked up to his office, he went and gave me a glass of apple juice, and sat down. I explained the problem about the flights and this congressman, who they knew very well.. He said, "Yes, I'll look into that." The next day the director of the airline was replaced and the transit flights resumed. Some of the toughest looking Israeli security agents suddenly appeared at Budapest airport and gave professional advice and support to their Hungarian counterparts. So that was one instance case of a quick and decisive Hungarian response.

Q: What about the alumni of 1956? Were they, had they been, I won't say reabsorbed, but were they free to come and go early on or were they around or not?

KURSCH: By the time we came in 1986 think people were pretty free to come and go. There may be a couple of people who were on a list for violent actions during the revolution including the execution of secret policemen.. These people would have probably been denied entry had they tried to come in. However, I really don't know how many of these persons were still blacklisted. This question was not the problem it had been during my first assignment to Hungary in the early 1970s.

Q: Where was the crown at St. Stephen? After all, you know, for years this was a big deal. What happened to it?

KURSCH: That had been returned in about 1978. And the way I remember that is when I was on the promotion board in 1979 there were several officers who were given credit by their bosses for as having played the lead role in the return of the crown to Hungary.

Q: [laughter] Yeah. When I was on the promotion panel, I think I had maybe 30 or 40 who had brought peace to the Middle East.

KURSCH: [laughter]

Q: But, what happened? I mean was it around?

KURSCH: We returned it, not to the Hungarian government, but to the Hungarian people. It was returned and a special place was set up to display it in the national museum. So that's was where it was. When the crown was actually returned Mr. Kadar, the Party leader, diplomatically stayed away, and may have even been on an official foreign trip. This event occurred during the Carter administration between my first and second tours in Budapest.

Q: Yeah.

KURSCH: Now the crown sits in the middle of the Parliament, in the rotunda at the Parliament.

Q: Now, we're getting up to the time when you left there in 1990. Was there anything else at that point that we haven't talked about in Hungary?

KURSCH: Well, one of the things I was very excited to be involved in was working with some of the new people who were coming in such as Arpad Goncz who was President of Hungary from 1990-2000, and who became a friend of mine. He was a dissident who I met at a street demonstration and became president. At the Embassy we were very involved in getting American companies to invest in a new, democratic Hungary. I was involved with the efforts of General Electric to buy out the Tungsram light bulb factory. General Motors was another big investor. So we were engaged with American business very heavily and encouraging, talking up Hungary, and encouraging the Hungarian government to be accommodating and to promote an American business presence. I think we were very successful in that regard.

Q: You left there in 1990. This is probably a good place to stop. Where did you go after that?

KURSCH: I went to Bonn, Germany, as the Embassy Minister/Counselor for Economic Affairs..

Q: Alright, so we'll pick this up in 1990, in Germany.

KURSCH: OK.

Q: Great.

[pause in tape between interview session dates]

Q: Today is the 16th of October, 2003. Don, Germany is obviously is Bonn, but Bonn and when you went there, did you feel this was the last stage of the thing? Germany must have been fascinating in 1990.

KURSCH: Well, we went there right at the time of unification. The Wall had come down in November in the previous year, in '89. I got there in August and the GDR still formally existed. The reunification didn't take place until October 3rd, but of course everyone was waiting for it to happen. This was something for which we had waited a long time. It was a time of great excitement. And it was a very good time for the United States, because we had unhesitatingly supported German reunification, unlike our British and French friends. The French were always fond of saying, "We love Germany so much we're glad there are two of them." President Bush's support for unification had created much good will among the Germans. I, myself, had never served in Germany before. I had served in Switzerland in my first tour, and I felt quite fortunate to have been assigned to Bonn in such a senior position.

Q: Who was the ambassador?

KURSCH: The ambassador was a wonderful gentleman named Vernon Walters, who was something of a legend in his time. He had been an aide to General Eisenhower and as an aide to Gen. Mark Clark during WWII. Subsequently Walters had a very distinguished career as a defense attachï¿½ and had been in Paris during the time of the student uprisings in '68. It was rumored that DeGaulle even admired the way he spoke French, he spoke it so well. But he was a wonderful gentleman, a very, very kind and considerate person who if he heard anyone in this large embassy was in the hospital, he'd go and see them. He was just something of a past generation, but very good to be around. However, he was not an economist, and he made that rather clear.

Q: At least you weren't serving as an economist under Arthur Burns, which I was told was sort of a trial. [laughter]

KURSCH: Yes, I think I heard there that the person who had my position at that time wisely avoided economic debates with Ambassador Burns. As for my job in Bonn, it was primarily to manage the very large economic component of the embassy including all the economic agencies, and for some reason most of the law enforcement agencies, other than the FBI. So I looked after customs, the drug enforcement administration, agriculture, treasury, and the commerce department. And not all of them readily accepted my management of them, except they had to deal with the DCM and the ambassador and to get into those offices, they had to at least work with us.

Q: Did you sense... I've just finished interviewing Dick Barclay who was our ambassador in East Germany at the time. He was saying, and this was really before your time... you arrived after, essentially... but he said that I think it was under Richard Burt had almost cleaned out the German experts who had been around for a long time from Bonn, so that our people in our mission in Berlin and in East Germany, that's where a lot of them ended up, so there's a lot more knowledge about Germany there than at Bonn. And that Vernon Walters was a real gentleman and a very smart person, but really wasn't a German hand either. So, did you sense that there was a lack of expertise on the German mission at that time?

KURSCH: Well, the mission was pretty deep. It was a large mission on my side of the house. Let me see, I'm trying to think how many of us... My deputy, Paul Pilkauskas, was a veteran EB officer, knew his trade policy very well. George Ward, the DCM, was an experienced European hand, was very strong on security policy. Walters, after all, had been around since the WWII and was greatly admired by the Germans for that. The fact that he'd had personal links to Eisenhower, was a big plus for him. No, looking back I don't recall a lack of expertise on Germany in our Embassy.

As I noted earlier, Walters was a very kindly presence who was like everyone's favorite uncle I recall that he made have gotten into trouble by certain public statements he made supporting reunification. The Bush administration was not terribly happy with this because they were trying to go very cautiously on the whole question of unification, and make sure that this could somehow take place in a context where you could keep all of Germany in NATO.... There was great fear that this might not come off.

Because of this there was tension between the embassy and Washington. Also, as I recall, the relationship between Embassy Bonn the US Embassy in East Berlin were not very good. East Berlin was being closed with unification and the tours of those assigned there were curtailed. This was a source of unhappiness. There was also a sense in Bonn that some of the US staff of Embassy East Berlin apologized too much for the GDR. This would have been a source of bad feeling.

Q: Sure.

KURSCH: In terms of people not knowing things, I think that's a pretty strong statement.

Q: Too strong a statement. It's just that we had developed over the years in Germany a very strong German core, and I guess maybe the time had come and it was beginning to dissolve. I mean, for people who had spent their entire careers practically in Germany.

KURSCH: Well, both Burt and Dobbins when they went out there were not German hands, neither of them spoke German. Although, I'm told that Jim Dobbins did quite an impressive job learning German from scratch. My German teacher told me he was the best student she'd ever had, and indeed, he's a person of formidable intellectual ability. But, I can see and imagine the unhappiness that this must have provoked to have two people coming out there, neither of whom had a background in Germany. And, Germany, over the years, had been something of a special case, because even when we had political appointees there, it seems to me that many of them had had some association with Germany. Arthur Burns, was an outstanding example of this, although he was Austrian by background. Walters didn't have any particular affinity, relationship with Germany. He did speak some German. He started German, I guess, when he was a kid and he decided he wanted to get Kaiser Wilhelm's autograph. He was reading the Kaiser's memoirs when he was a young boy. So he wrote a letter to the Kaiser, who was then in exile in the Netherlands, and I guess got a letter back from the master of the court, the hoffmeister, explaining that his majesty didn't give autographs. But he got the Kaiser's imperial card or something similar.

Q: Something like that.

KURSCH: Yes. I

Q: When you went there, what was the thought, or what were you getting as economic minister? I mean a united Germany was in the air. It was going to be a fact, wasn't it?

KURSCH: Oh, it was a fact. I mean it was a fact economically when I arrived there.

Q: So what was the feeling about the absorption and what were you getting from East Germany. You know, it had been highly touted, and when they looked at it closely, it wasn't so good. So what were you getting? Had there been a different picture than you were seeing?

KURSCH: Well, East Germany certainly was much more bedraggled than we appreciated, including the German experts themselves. We talked earlier about expertise. The costs of the rebuilding East Germany had been grossly underestimated from the beginning, and the amount of time that it would take to rebuild had also been underestimated. If you looked at the comparative economic statistics, East Germany, as I recall, was listed as the tenth-largest economy in the world. But the country's basic infrastructure was rotting and the products that the GDR manufactured were totally uncompetitive. And then you had this decision to convert the East German Mark to West German Marks at the rate of 1-to-1, to give people spending money, as well as for psychological reasons. However, their productivity in the East was so low that there was no way that companies over there could survive with such an exchange rate. I'm wondering though, even if the rate had been 2-to1, or 5-to-1, how much of East Germany's industry could have survived.

One of the things that in which I took great interest, was learning more about the East German economy, and I started traveling over there on a regular basis. I can remember doing it with at least two of my colleagues from the Embassy's other economic agencies. We had very senior representatives from commerce and from agriculture, so taking up where I left off in Hungary, where I used to travel around with a military attachï¿½, I traveled to East Germany together with them. We took 2- and 3-day trips around to Eastern Germany, and took a look at the business climate. On one trip we attended the groundbreaking for the new General Motors plant at Eisenach which was probably the most visible investment by a US company in East Germany. I wanted to be able to show the Germans how much Americans and our investors were doing in Eastern Germany, because there was this sense among the Germans that the United States should be doing more helping them rebuild and that we somehow owed it to them, because of what some saw a US responsibility for the long division of their country. I had a bit of problem with this point of view, but it was an attitude I encountered often, particularly among working people such as taxi drivers.

Q: With East Germans.

KURSCH: No. With West Germans. Many felt that somehow that the US was partially to blame for the fact that their country had been divided, and now we had an opportunity to in there and lead the pack on new investment investing and helping Germany to meet the enormous expenses of re-unification. And so, what I did was to start collecting information on all the American investment that had taken place in East Germany, and getting this in to the ambassador's speeches, especially after Ambassador Kimmitt got there in 1991. We were able to make a very credible case that the United States was, in fact, the leading foreign investor in Eastern Germany. So we were able to show, in fact, that we were helping to turn the place around.

Q: Looking at East Germany, and the history of very low productivity, and not the greatest products, what was there to induce American companies to invest, and what could you say honestly to people who were talking about investing there?

KURSCH: Well, I think it was clear that East Germany was going to have the highest per capita income in the former east bloc because of the assistance from the West. There were also significant tax breaks that the German government was offering to investors. Many American companies felt that it was important to establish a presence in this market of 17 million people. We also pointed out that the East Germans had a fair amount of expertise in dealing with the other countries of Eastern Europe and the former Soviet Union. There were personal connections; there was knowledge of the Russian language. And for basic consumer products such as automobiles, for example, this is what people were spending their money on. Indeed, this Opal plant that General Motors put in at Eisenach, had a big demand for its products. All these East Germans were taking this money they were getting at 1-to-1 and buying cars. That was one of the more spectacular transformations, watching the disappearance of the old Eastern automobile stock and its replacement by world class automobiles.

Q: La Trava...

KURSCH: Trabants and Wartburgs. One small example, though, that sticks out in my mind, highlighting East Germany's low productivity was that Wartburg, which had its factory in Eisenach, produced 70,000 cars a year, with a workforce of 10,000. GM's plan was to produce 150,000 cars a years with a workforce of 2,000. This figures underscored to me the magnitude of difference in productivity between East and West..

Q: Yeah. Was there concern on our part about the German commitment in East Germany as far as what it might do to the Germany economy as a whole, and also within Europe. It's a big engine that's driving a lot of Europe.

KURSCH: I think there was the realization that this was going to be a very big project. There was also the realization which was somewhat slow to come, or filter down, that our special relationship from the days of occupation were over. We immediately drew down the number of US forces we had in Germany, from 300,000 to about 100,000, and I'm convinced that we kept that 100,000 because it was a still six-figure number. That was a big change. Yet, I guess we had significant confidence in ourselves, as unification had come out so amazingly well for us. Here we had a united Germany that was in NATO. The first President Bush talked about "partners in leadership", that this new, united Germany would become the major partner for the US in continental Europe. I think we were quite upbeat about those possibilities. That continued into the Clinton administration. Things have changed more recently. But these were pretty heady times.

From the German prospective, what was interesting was how they weren't really quite ready for making broader international commitments. Because, at that time, we had the first Gulf War.

I can remember this one instance, I must have been charge d'affairs and was making my initial calls. We had received a request from the State Department to obtain foreign assistance to help move the Egyptian Third Army to the Gulf. We were supposed to talk to German officials about this. I remember being at the ministry of transportation making a courtesy calls, and my interlocutor was the acting minister at the time because of the summer vacation. I asked him for help or any thoughts he might have in dealing with Washington's request. He provided me with a list of Hamburg shipping companies.

Q: [laughter] Oh, God.

KURSCH: Finally, Secretary Baker came and appealed directly to Chancellor Kohl and received a 10 billion DM commitment from Germany to help with the expenses of the first Gulf War. But this was classic checkbook diplomacy from the German side. The notion that they could write checks and get out of a commitment of personnel was quite strong. The whole idea of sending troops to war was still very strange and unacceptable. I remember having lunch with a friend who was then the head of the American Studies department at the University of Bonn, shortly before the Gulf War started. He said to me "But surely you're not going to go to war. People don't go to war anymore." I answered, "Well, you heard what the President said, and you heard what the Secretary said, and unless Iraq pulls out of Kuwait, I see no alternative." He said, "You can't go to war over this" I replied "But that's what's going to happen." And this person was not a reflexive anti-American; but rather a conservative Christian Democrat. But it was an interesting reflection of the mentality at the time. There has been a big change since then. And the fact that the Germans, today, are one of the leaders of our joint military action in Afghanistan, just shows the enormous transformation that has taken place in a relatively short time.

Q: Yeah. What was your impression of the economic relationship when you arrived, you know, new boy on the block, between the United States and Germany, and its officials and what we were doing?

KURSCH: I think we had a pretty good relationship. This was the time, one of my top responsibilities was to get support from the German government for the successful completion Uruguay Round trade negotiations. We were pushing this very, very hard. Carla Hills was the US trade representative. The Germans used to call her Crowbar Carla, because she was a pretty tough lady. Still, the Germans, within the EU context, were among the most committed free traders. We had a coalition of Christian Democrats and Free Democrats and the Free Democrats controlled the economics ministry. They were quite committed to free trade and liberal economic policies. So, one of the things that I had to do was to try and push those connections as much as possible to try and get the Germans to speak out in an EU context and try to come up with positions that would be compatible with ours or at least provide a basis for further negotiations. It was clear that unless we in the EU reached an internal agreement, the Uruguay Round never would have been concluded. So I spent a lot of time on that. I'm happy to say that at the end of the day, we were successful. Although the French did not give the Bush administration the satisfaction of concluding an agreement on its watch; this was subsequently done in the next administration. I had very, very good ties with the German Ministry of Economics which was a very professional operation. This ministry had been founded by Ludwig Erhard after World War II, and it was a real honor to work with those people. When I think back at the level and quality of the people that I could deal with at my own rank, it was really a great privilege for me. I think particularly of Dr. Lorenz Schomerus, who was the assistant secretary responsible for international trade matters and international economics in the ministry and his team, who were a wonderful group.

Q: Did you find yourself having to deal with French influence? I mean, were we sort of fighting the French for the soul of Germany on, say, economic policy?

KURSCH: Well, the French would make these very strong appeals to European solidarity. On economic issues, the French, of course, had a rather protectionist outlook anyway, and I think they would appeal to Germany on for solidarity. The people I dealt with on the whole I think were more sympathetic intellectually to our positions on trade and economics. But they had to figure out how to bridge these gaps. Agriculture was a tricky issue, though, because the German agriculture is even more inefficient than that of France, so when you dealt with the German agricultural ministry, their priority was to protect small German farmers, particularly farmers in Bavaria, where there was a strong agricultural lobby. The CSU of Bavaria was a key coalition partner for the Kohl government so there were always these kinds of elements. Our agricultural attachï¿½ did not have an easy time. But I felt that the Germans had more of a feeling for us. We also were benefiting from the afterglow of all the support we'd given to Germany during the Cold War, and our unhesitatingly backing of German unification. But the Chancellor Kohl would say things such as, "Well, you have to understand that with France, you must take off your hat to Marianne three times before you can salute your own flag." And if I complained about the French to the Germans, they'd say, "What are you complaining to us for? We have to deal with them every day."

Q: [laughter]

KURSCH: There was this expectation among the French, which I found curious, that the Germans would, of course, speak French, but they didn't feel any necessity to learn German. I discovered, to my amazement, their political counselor of their embassy in Bonn didn't speak German. For German speakers the French would usually find an Alsatian or two put into their embassy. The other thing was that French people did not tend to travel to Germany. Germans traveled to France a lot but this interest was no reciprocated by the French....

[END OF SIDE ONE, TAPE THREE]

Q: Was there any concern on our part or on the Germans sort of on an official part, on the ties between Germany and the United States? They used to be really quite strong, really after WWII, mainly because so many troops went there. You know, I served my time in Germany, both in the consulate but also in the Air Force. And, an awful lot of people of my generation had spent time in Germany, but when it comes to vacation time for Americans, they head for Spain, Italy, and France. And, Germany had a reputation for being rather expensive. In other words, there didn't seem to be sort of the people-to-people connection that comes through tourism and all. Was that a concern?

KURSCH: Well, I think there was a recognition that things were going to change. We sense that when the embassy and the capital moved to Berlin, we would have a very different Germany that the divided Germany we'd be in since 1945. But this hadn't really happened yet, although we expected it. To deal with this, for example, we tried to send a disproportionate number of people from the eastern part of the country on our IV programs. When Richard Holbrooke was ambassador, he set up this American academy in Berlin, which seems to be quite successful and quite active. Holbrooke organized something called a New Traditions Conference in 1993. He brought in Henry Kissinger, an Chancellor Kohl attended. It was really quite spectacular. He brought in some of the top figures in American business: the chairman of IBM, Lou Gerstner; Jack Smith, the chairman of General Motors. He really did get big names. The whole idea behind this was how could we establish a different kind of relationship to deal with the inevitable changes. So it wasn't that we were unaware, but still, at the time, from '90 to '94, when I was in Germany and even after when I was on the desk, I think we still benefited from the afterglow of traditional relationship. When I think of my dealings with German military and the defense ministry-I was DCM for the last year and a half that I was in Germany-so much of the German military, in fact all the German pilots, had been trained in the United States. They still have a large base out in New Mexico. You just had all these personal ties. I think our military commanders in Germany, in general, did a terrific job in reaching out to the communities they were stationed in. The level of good will in places like Nuremburg between the people of the city and the military commands were quite striking to me.

Q: Well, did you feel that our military success in Desert Storm, the first Gulf War, also helped in a way? Because the military had gone through a period of sort of decline after Vietnam. There had been real problems with morale and conduct of the troops and all. This was sort of splendid performance. Did that resonate in Germany?

KURSCH: I think it resonated in a couple of ways. First, there was this strong pacifistic mentality, which was not just present on the left.... There was a broad attitude that you can't solve problems through military means, and of course I think we demonstrated in the Gulf War that sometimes you have to do that. And we had been very successful, with a minimum of casualties. So, we came out of that affair somewhat vindicated.

It also showed the Germans that they had to play a broader role in the world. Of course, when the Balkan crisis came up later, they did. They sent troops down to the Balkans. So that was a big change in their attitude. I'm sorry could we go back to your question again?

Q: I was just wondering whether our military success, our army really, you know, showing its mettle. It was not just a... I'm sure the...showing it's a very effective instrument. Did that...?

KURSCH: Yes, I think, as I recall, it certainly did. There was, again, it was efficient, there was a minimum of number of casualties. We had the horrible spectacle of Saddam pulling out and burning all the oil wells in the Gulf, which was a great environmental catastrophe. The environment is big politics in Germany. So, I think on the whole we were vindicated.

I did have one unpleasant incident there. It's the closest I've ever come to getting killed in the Foreign Service to my knowledge. Right on the eve of the war, I believe it was Ash Wednesday, 1991, terrorists shot up our embassy. The Red Army faction shot at the embassy with about 200 armor-piercing bullets, and missed me by about a foot. I didn't realize it at the time how close they came to, but we hit the floor in our offices. It was about 7 o'clock at night and the bullets-you could see tracers, coming over our head. But we didn't realize they came right through the walls of the Embassy as well. One of them hit my secretary's computer. The secretary's computer was decorated by Ambassador Walters the following day as a war casualty.

Q: How did you find dealing with the green party and all? Were they sort of on an almost un-American course? Anti-American.

KURSCH: I didn't have a lot of dealing with the green party, with the exception of Joschka Fischer. I can remember going to ...

Q: He's now a foreign minister.

KURSCH: Yes. I can remember going to a presentation of his. The other person I remember is Daniel Cohn-Bendit, he was a Euro parliamentarian at the time.

Q: He was on both sides, both France and Germany.

KURSCH: Yes.

Q: Red Rudy

KURSCH: No, that was Rudy Deutchka. Cohn-Bendit was Danny the Red.

Q: Danny the Red. You're talking about '68, in France.

KURSCH: Right. But what I do remember is going to a presentation by Fischer when he had his costume on, battered dungarees, deliberately dressing down. But he certainly was a formidable intellect. I think we were at the time where the Greens were starting to turn themselves from a movement into a genuine political party and alternative. You always had the factions within the green party whether... some of whom didn't want political power. But on my issues, I didn't really have an awful lot of contact with them that I can remember. I do recall those two particular events. One was just going to hear Cohn-Bendit speak at some event in Duisburg that the mayor invited us to. The other was this seminar with Fischer. I'm trying to think, don't recall that any of the German state governments were in coalition with the greens that I was dealing.

Q: Were there any major business problems that you had to deal with?

KURSCH: We had this situation in Eastern Germany where the authorities were trying to privatize a lot of the state properties. Of course, the German companies wanted first whack at this stuff and the most attractive deals. Despite all this talk of where are you Americans and why won't you come here and invest, there was a frequently a tendency by the Germans to leave us the scraps that they didn't want themselves.. We had a long fight over the privatization of the coal fields and properties around Leipzig. We had set up this small consulate general in Leibzig, which was very, very effective. Todd Becker was the consul general over there. I went over there a number of times, but we pushed very hard to make sure our US companies got equal treatment and that their proposals would be handled on a level playing ground. One thing I particularly remember doing with the help of a friend in the chancellor's office is smuggling the ambassador onto Chancellor Kohl's helicopter as they went down to dedicate this General Motors facility in Eisenach. Ambassador Kimmit, who spoke reasonable German, made the pitch to the Chancellor in the helicopter. He'd prepared this very carefully, and indeed, we were successful in winning that bid. I felt very good about that, because the Chancellor, I was told, gave the word that, "Hey, don't treat the Americans like this. Give them an equal shot." At least that was the feedback I got. So that was one concrete example I can think of how we probably made a difference. I don't know if the company ever appreciated that. But it gave me satisfaction.

Q: What about Germany's place in the European Union at that time? Were there any issues that we were concerned about that we had to work with or against Germany in that?

KURSCH: Well I think, as I said, the biggest issue that I worked on was the Uruguay Round trade issues. And there, we certainly saw Germany as a partner within the EU, because the philosophical orientation of the leadership was very much the way we'd wanted the EU to go. What was interesting in Germany at that time as that the trade unions were also free trade oriented, because Germany is the big exporting country of the EU. I remember going up to call on the head of the German trade union movement to make the pitch that they should come out and strongly support the Uruguay Round agreement. And, it seems to me, we got the trade unions and the Confederation of German Industry to sign a joint letter supporting this. Together they wrote to Chancellor Kohl and encouraged the conclusion of this agreement.

Another issue I did a considerable amount of work on was export controls. We were trying to prevent the sale of technologies that would be used for nuclear weapons production. I remember we were trying to block the construction of the Bashir reactor in Iran at the time. I worked a lot with the Ministry of Economics which also had the export control function in its portfolio. In this particular case the Germans were pretty cooperative, although they were not as vigorous in general on the whole subject of export controls as we would have been. The penalties for violations, as I recall at the time, were much less strong than they would have been in the United States. We felt that German needed to be more vigorous in export control enforcement.

Q: Did you get any feel for... the movement was on for the adoption of the euro. How did we feel about it at the time you were there?

KURSCH: There was a big internal German debate on this. And, one could sense, politically, the euro was not popular, as the Deutschmark had been the key success symbol of the Federal Republic, of the Bonn republic. Emotionally, the mark was not something the Germans were keen to give up. On the other hand, and here is where I had great respect for Chancellor Kohl, and how he saw the Euro as a great European project. This was an opportunity to take Europe to a higher and more visible level of unity, and basically Kohl probably acted against the advice of many of his economic advisors... I recall that Mr. Tietmeyer , who was the head of the Bundesbank and probably then the most respected economic expert in Germany, was not enthusiastic about the common currency. But Kohl provided the political leadership to make this happen. My own sense was that this was the kind of measure that would be good for Europe and good for us. It made sense: if you have a common economic area, to have a common currency.

I was, and probably still am, a believer in the bicycle theory: or if you don't move forward, you move backwards. The temptation of various EU member states to play games with their currencies and engage in competitive devaluations for the purpose of promoting their export industries might have been difficult to overcome. As we see how southern countries, or even the French, have played games with inflation over the years and devaluations of their currencies, this could have been a real danger. So, it seemed to me at the time, that this move towards the creation of a common currency made sense. Now, what the Germans didn't see at the time, was the enormous difficulty they would have in rebuilding the East, and what a major drag that this would be on their overall economy. Now, it's also a drag, and we're seeing this now, on their ability to provide economic stimulus internally..

Q: My first post, back in 1955, was Frankfurt, and I was amused that they had very strict controls on when stores could be open and all that sort of stuff. And then going back there in '94, just an overnighter on a Saturday night, and seeing all the stores once again. These types of controls which are prevalent in France, even greater, did you see things as being a limitation?

KURSCH: Absolutely. I think it was the most visible manifestation of the difficulty in changing old habits in today's economic environment. It's remarkable. You're the owner of the store, and you own this property and you can't keep it open... and not only that, it's a drag on employment because people can certainly benefit from part-time jobs, or the ability to work weekends. That's something that the Germans had difficulty adapting to. The French may be a bit more adaptable in that regard. At least their closing hours are much less restricted.

Q: Yeah. I think you could only have sales at certain times in the year.

KURSCH: Right.

Q: It seems ridiculous. What about... this comes to productivity. Were you seeing a problem with the Germans as their population gets older, and more and more gastarbeiter are doing the production work and all? Was this a problem?

KURSCH: What I remember were the very high costs of labor and the environmental restrictions, the kinds of work rules, and how these types of things were becoming an enormous burden for German manufacturers. On the other hand, the quality of product at the time was quite impressive. I also remember being very impressed by German small and middle sided manufacturers particularly these family companies. I had a fair amount of contact with them. I remember going out to such firms, one was a maker of precision instruments; another company made rollers for hospital beds. I got to know the owner of the latter company. They had a little, small plant in the United States. The Germans were so good at getting these to specialty markets, servicing their customers, and were so aggressive in marketing their products. They were really, and I think still are today, a very export-oriented economy. These middle-sized businesses in Germany were a cornerstone of the country's strength. The quality of their engineering... I was very, very impressed by it.

Q: Did you find yourself almost in competition of looking for American firms to invest, say, in Germany, instead of going into lower cost areas, like the Czech Republic or Hungary, or all of that?

KURSCH: Sure.

Q: Because you're talking about the high cost of labor and all these restrictions; I would think that this would be a disincentive for Americans...

KURSCH: You're right, and I think the companies that hadn't been in Germany were probably looking elsewhere in terms of investment. There is, for many companies, an advantage to be present on the market, particularly if they are already there. Ford, General Motors had big presences in Germany at the time. I think now they've cut back somewhat. You asked me about the gastarbeiter before. I would say on the whole, I was pretty much impressed with how immigrants to Germany, adapted to the to the norms of what was expected by their employers, at least in the workplace. And, there, I think is a strength in the country that may not be sufficiently recognized.

Q: In other words, they came up to the standards that one thinks of German workers doing.

KURSCH: I believe much better than might be commonly appreciated. That's my overall impression. Germany is a land of opportunity for an awful lot of people and has been for a long time such as people coming from Central Europe. If you look at the number of Polish names you see in Germany, or Hungarian names. A lot of the Turks in the country have integrated. We had Pakistani drivers who'd become German citizens, spoke very good German, had their little gardens out in back of their houses, that kind of thing. So an awful lot of that was happening. Germany is a much more multiethnic society than most Americans realize.

Q: How did you find, particularly in your DCM, this vast bureaucracy we'd established there? How did it work together? It must have been a pain in the neck to try to...

KURSCH: Perhaps the things I felt best about in my accomplishments as DCM was pushing to close the American embassy in Bonn, because there didn't seem to me any real need to continue this great embassy on the banks of the Rhine. We had a thousand people in it. Ambassador Holbrooke had also pushed very hard to reopen our consulate general in Dusseldorf, which the State Department didn't want to do. So, Dusseldorf became a foreign service commercial service post. But, it's there. In trying to determine if we should maintain a presence in Bonn I went through an whereby I sent questionnaires to every conceivable agency in our embassy,. I asked them how many people would they need in Berlin, and how many people would they need in Bonn if we were going to have to split operation? Of course, I came up with a greatly expanded staff. If I remember right, I think it was the US Air Force liaison office, telling me they'd need to double the size of their presence; -they had two in Bonn but they would now need four: two in Bonn and two in Berlin. So, I got all these questionnaires together. I said, "This is ridiculous. I think it's crazy for the State Department to maintain an large embassy in Bonn for a couple of single agencies who could make other arrangements. them. So, I announced one of the big weekly staff meetings day, that I saw no reason for the embassy to remain in Bonn when we moved to Berlin. And, boy, you could see these colonels-I had eight full colonels at my staff meeting-running for the telephones. That's the way it ended up. The other thing we did is that we set up a special administrative operation in Frankfurt to be associated with the consulate but not part of it, to staff international activity, primarily our operation in the newly-independent states and the Balkans. at that time. All these regional support personnel were charged to the American presence people in Germany. We looked and we had very high numbers, and an enormous embassy and we decided that had to find a way to reduce our presence. And we succeeded.

Q: Were there any other... In the first place, did you notice yourself, any change between the Bush administration and the Clinton administration when that came about? This would be in '93, I guess.

KURSCH: Well, certainly, it was a heady time for the Democrats coming in. What I do remember very distinctly was having Vernon Jordan make a trip to our post to scout us out, and him coming into my office and talking to me. I don't know quite what he was there for, but I think he was there in a semi-official capacity.

Q: He's a major figure in the Democratic Party

KURSCH: And a close friend of Bill's.

Q: Yeah. A close friend of Bill's, Bill's African-American lawyer in Washington

KURSCH: Right. A power broker of the first order. So we knew these changes were coming. We didn't know exactly what they would be. But, my sense was that President Clinton had a very strong interest in Germany. He had something of an affection for Germany. I'm not quite sure where it came from. He was rumored to speak a little bit of German. I know he was quite unhappy with the British, because John Major made the mistake of publicly endorsing Bush's reelection. That may have had something to do with it. But I also think that Kohl had been around so long that maybe Clinton felt that having an elder statesman to whom he could turn gave him some reassurance.

Q: And, Kohl and Clinton were sort of two bigger-than-life politicians in a way.

KURSCH: Yes. Kohl was a big picture guy, and a wise man. Many German intellectuals made fun of him, but it seems to me, he was consistently more right than wrong. Certainly, the relationship in the early phases of the administration when I was still there was quite cordial. And then, very shortly before I left, President Clinton did come to Bonn and Berlin. So, that was, of course, was a very big event for us.

Q: How did that...You know, a new administration coming in, you usually have all the hangers-on having a wonderful time exerting their power. How did that work? What was the impact on you all?

KURSCH: Well, we had Dick Holbrooke as ambassador who was a very colorful figure in his own right, a dynamic figure. He did a couple of quite clever things. He had more experience in Asia than in Europe. The German were saying did they send an Ambassador with an Asian background?, And Holbrooke he had also wanted to go to Japan as ambassador, but former vice-president Mondale had been tapped, so the Germans felt that they were a bit shortchanged. One of the things I told Holbrooke when he came out was to make the Germans aware of his own German heritage, as his grandfather had fought for the Kaiser in WWI. He had this picture of his grandfather in uniform with one of those spiked German helmets. So I said o him, "Make sure that sits in your living room in a corner somewhere, but not too prominently. If they can see that, then they won't ask you why you don't speak German." And, indeed, I can still remember some military officer looking at that picture and they said, "Who's that?" I said, "Oh, that's the ambassador's grandfather."

Q: [laughter]

KURSCH: The other thing he did, though, that was quite clever, he brought out Fritz Stern, who was the top American academic writing about Germany and German history as his advisor. So he had this interesting little front office of Fritz Stern, Dan Hamilton, of SAIS, another eminent German scholar, although much younger than Stern. These were Holbrook's personal advisors. Indeed, Fritz Stern was quite fascinating. Just the ability I had to go in and talk to him if I had a question about something we were doing, I could go in and just go in, and I was calling him Fritz, "What do you think of this?" It gave me a lot of self-confidence, having him around. I think it was very good for the embassy in general.

Q: You left there in '94.

KURSCH: I left in '94.

Q: Before we move on, do you want to tell me about your trip to Hungary with a military attachï¿½?

KURSCH: I got in the habit of going on a trip, one trip a year, with the Defense attachï¿½ to get a better feel for their responsibilities and the demands of requirements that the Defense Department placed upon them. I knew they were on the road all the time, but I wanted to see what, in fact, was it they did, and how strenuous it was. So, one year I did it with the Army, when the defense attachï¿½ was an Army colonel. So the next year, we had a new colonel, who was a female Air Force colonel. She was a real gung ho person.. Indeed, we went around the countryside and showed up at the edges of various bases with our gear. ... They knew all the back roads to get around to all these places. [laughter] I can remember on this one occasion, we got stuck in the mud.

Q: [laughter]

KURSCH: And we couldn't get out and we were there about 40 minutes. Finally this Hungarian security patrol, ununiformed but clearly identifiable approached us and said, "Can we help?" [laughter]

Q: [laughter]

KURSCH: But by that time I think we'd battened down any incriminating evidence in the back of our van. We were at the end of this Air Force runway. And thank God, the warrant officer in our group had figured out that our tire had been flattened. By the time our Hungarian friends came back we'd changed the tire and our vehicle was movable again, and these guys came back with more help but we were able to wave goodbye and thank them and sped out. But I was wondering whether I was going to get a summons one day from the foreign ministry and being asked, "Well Mr. Kursch, what were you doing down there at the edge of that Taszar Air Force base?" Fortunately this never happened. But I must say these experiences were good for developing a good working relationship with the military. I think I had these good relationships in both in Bonn and Budapest. I enjoyed working with our military colleagues a lot and I had a lot of respect for them.

Q: Coming back to 1994... Whither, when you left Bonn?

KURSCH: Well, I came back to the State Department, and again, you know, it's always this sense of what can I do next.? And the higher and higher up you go, the fewer and fewer jobs it seems to be. Dick Holbrooke came back as the assistant secretary, so he got me a job as an office director... Actually, I got bounced around. I was supposed to go to the German office, originally, but it was offered to somebody else. Then I finally ended up where I started. This was one of those funny things. First, I was offered the German Affairs, by the deputy assistant secretary, but then she was replaced by Holbrooke. Then she found out that that had already been offered to somebody else, one of our ambassadors from the Baltic States, Bob Frasure, who tragically died in Bosnia. But then I was offered Northern Europe. But the new deputy assistant secretary said, "No, no, you should take the regional economic job." EUR/RPE. But then Holbrooke said, "Well, I don't know what I'm going to do with RPE." He liked to scramble eggs all the time. He said, "You take on German Affairs. I'm promoting Frasure, he's going to be my person for SE Europe." So, I ended up doing Germany, Austria, and Switzerland. And that was a fun job.

Q: You did that from when to when?

KURSCH: I did that from '94 to '96.

Q: What were... well, let's take Germany. Were there any particular issues that absorbed your time?

KURSCH: I guess the most concrete thing I can remember doing is that we reached a special agreement with the Germans on the compensation of certain Holocaust survivors who had been American citizens at the time they had been in concentration camps. This had become an issue that got a lot attention because of one particular survivor who got caught in one of these typical bureaucratic situations. His request for compensation under the German compensation programs had been turned down because he had been American citizen. I worked a lot with the claims council in New York on the whole issue of Holocaust claims. In general, Germany was very good. They set up programs early in the 1950s.. Even when the country was still pretty poor Konrad Adenauer, as the first post war German Chancellor had gone to Israel and begged for forgiveness. Although the monetary amounts were not enormous, they were significant because of the principle, and they did provide some benefits for aging survivors. But we had this small group of survivors who had never gotten anything. So we spent a lot of time on that particular issue.

We were also doing things with the military and our Defense Department, which recognized the changes in our practices as we closed down bases. We had to deal with property claims, and we wanted compensation for the "improvements" we'd made on these bases, where in some places we really hadn't made any improvements. We'd put in bunkers that had to be taken out before they could be used for commercial purposes. So, we did some work on that. We negotiated a new status of forces supplementary agreement. I can remember doing that.

Then you had the usual parade of visitors. We had a lot of visitors from Germany. We had a very active round table in the office. I think everybody in the office spoke German, so we were able, when we had German or Austrian politicians come in, to sit down and have these round tables in German, which was good. I remember we had Joschka Fischer come at that point as one of the opposition political figures. He was the guest of one of our round tables.

Q: Were you seeing a change in him as far as outlook or not?

KURSCH: Well, I never recalled him being particularly anti-American. He liked a lot of things about American society. He was not an easily classifiable leader. Indeed, he is a person who I have grown to respect a great deal. I particularly appreciated his public stance on Bosnia. He took the position that if NATO is going to be useful, we needed to do something to prevent this human catastrophe that was going on there. I think he continues to be a very positive presence. But in our, getting back to the office of German affairs, we were an institution that had been there for a long time. People knew who we were. We had great office space. I was up on the fourth floor overlooking the Lincoln Memorial. I had this period where they were rebuilding our offices for three months, which was a bit uncomfortable. During this time we were in the equivalent of closets. But when we moved back in, we were in our glory. We had our own little conference room. I'd have to say, the renovators did a very nice job. One of my nicer memories is attending the so-called Bratwurst Summit in Milwaukee in Spring 1996 with President Clinton and Helmut Kohl. They decided to go out to Milwaukee and was Kohl very well received in there. The American audience didn't understand what he was saying too much as his speeches were in German, but they applauded like mad.

Q: [laughter]

KURSCH: And, I got to ride back to Washington on Air Force One. The FSO assigned to the NSC who arranged that for me, Andy Sens, has my gratitude forever because he got me a seat on the plane.

Q: What about Austria? Did we have any issues with Austria at the time?

KURSCH: We had some issues with Austria. We had a couple of interesting issues, one of them involving a former colleague of ours who was trying to get his Austrian citizenship back. I was not eager to see that happen because of the actions he had committed.

Q: We're talking about Felix Bloch.

KURSCH: Bloch. Yes.

Q: Yeah. What was the issue for you, in what you're dealing with?

KURSCH: The issue was that the Austrians always saw Felix as a victim of zealous American prosecutions of things. I must say, myself, I don't know of any other Foreign Service officer who had actually been a traitor.. So one of the things I wanted to do is point out to the Austrians that this the US accusations against Bloch was not some frivolous activity on our behalf or an overzealous prosecution. To actually prove his guilt in a court of law what he did would have been very difficult for us, but it was clear from the evidence that I had at my disposal that the circumstantial evidence was pretty damning. That this guy was, as I pointed out to Austrians, was doing the deeds he was accused of t for many years, doing it in your country, and apparently doing it for money.

As we were able to get more and more information with the collapse of the Soviet Union and additional intelligence sources, I was able to get the authorities to show the Austrians enough additional information to demonstrate that they did not want to give this guy his Austrian citizenship back and demonstrate that he was not a victim. .

Q: What would have happened if he had been given his Austrian citizenship? He was born in Austria.

KURSCH: Yes. He left when he was two years old, and because he was person who left because of the Holocaust, he would have been given some kind of a state pension from them. But there was a stipulation in Austrian law that such applications could be denied if it were against the fundamental interests of the country. This was a provision that was not frequently used and that needed a determination at very, very high levels. On the Austrian side, there was a sense among the diplomats I dealt with that, "Gee, if this went to court, we don't see how we could every uphold this." But it was brought to the attention of the Chancellor of Austria at the time, and although I don't know exactly what happened, but I do know he never got his citizenship back. I certainly feel I did my duty. I certainly felt this was the right thing to do.

We had another curious incident with the Austrians. We had this revelation. During the early '50, we had buried all these weapons caches throughout the country in the event of a Russian invasion.

Q: This is a gladious thing or whatever?

KURSCH: Maybe, a gladiator, I don't remember. There were 30, 40, 50 of these caches around the country. This got into the popular press, and indeed, the CIA admitted that, yes, indeed, they had these stashes all over the country. So I went off with a team from CIA to talk to the Austrians about this. We got an Army demolition expert with us to help us decide what we were going to do. The other rumor is that there were gold coins in this, and the notion of hidden gold really got the press into a feeding frenzy. So we went off to Vienna. I remember going into the airport there and hustled through the back of the airport to talk to the Austrians about how dispose of the contents of these caches. We told the Austrians that " we'll send our military in and take care of this for you." . But, the Austrians wanted to do it themselves. In any event, at the end of the day, we convinced the public that there was no gold at these storage sites.. I remember the Austrian Ambassador to the US coming in to my office and trying to present me with a bill for all the clean up. I told him "We offered to remove these for you, but you didn't want us to do it." So, they ended up paying, I guess, unless there was something I didn't know about. But that was an amusing memory.

Q: On Switzerland, any particular issues there?

KURSCH: The Swiss... Oh, yes. The most interesting thing was this whole question about the Swiss handling bank accounts of Holocaust victims. And there, I must say, the Swiss should have taken my advice. I do remember a conversation I had with a Swiss representative about this problem in 1995 in Washington.... The Swiss don't have a national day reception; but they do have a big reception during the annual World Bank and International Monetary Fund meetings in Washington.... I was having lunch out at the Swiss embassy with a representative of the Swiss Bankers Association, and said to their representative "Look. You guys have a problem, and you really need to talk to the American Jewish communities and figure out how to resolve this. I don't think people are out to get you, but there are very strong feelings about this. This is not good for Switzerland." My interlocutor responded "We haven't done anything wrong." This problem really hit the fan over the years and it created a very large public relations problem for Switzerland in the U.S and some serious soul searching in Switzerland.... My wife and her family are Swiss. It created a lot of self-searching in Switzerland because the Swiss had this idea that some they really were an Allied power during the war and had never done a lot of serious thinking about what their real role had been. But it clumsy handling of these accusations, unfortunately, also created a sense that somehow the Swiss were Nazis, or Nazi sympathizers among a lot of people in the United States, They never were either, with the exception of maybe a few people. Unfortunately, it was an instance where the Swiss should have taken preemptive action and did not.

The Swiss were also the OSCE chair for one of the years I was on the desk. I remember their foreign minister coming over for a rare visit. And the other very, very nice benefit I had, was that during one of the years on the desk the Metropolitan Opera in New York decided to make Switzerland the theme of their opera ball. So, my wife and I got invited to the Metropolitan Opera Ball. And we saw Turandot at the Met. That was really a wonderful experience, I must say. I enjoyed that very much. I also got my boss, John Kornblum invited as the American senior USG representative.

Q: Huh. Well then '96 came around and what did they do with you?

KURSCH: In '96, I went to Brussels as the DCM at USEU, which was a really very good assignment. Again, you bid on a number of jobs, and this one was the top job on my bid list. The way we were coming out of it, my wife

End of Side Two, Tape Three

Tape Four, Side One

Q: This tape 4, side one.

KURSCH: So I was in a rather curious situation. We didn't know who the ambassador would be USCU...

Q: USEU, it's...

KURSCH: USEU, US mission to the European Union.

Q: When did it become a European Union?

KURSCH: Oh, probably shortly before I got there. It used to be USEC. Took a while to get used to USEU. I think we were still calling it USEC. Stu Eisenstadt had been our representative there and was a very vigorous proponent of the US relationship with the European community. Indeed, his team had come down in 1994, on the eve of the German presidency, to Bonn. We had had contact, I was his control officer and I got to know a little bit. And he came back to be the undersecretary of commerce. I worked with him a bit on trade issues and also on Holocaust compensation questions, which was something that he was very engaged in. On this issue I recall somehow inviting ourselves to an executive board meeting of the American Jewish Committee in order to make an approach to the German foreign minister who was also in attendance..

Eventually, they asked me if I wanted the DCM job. I became the bureau's candidate and I think the undersecretary, Joan Spiro and Dan Tarullo of EB and John Kornblum seemed to have agreed on me, and I ended up going to Brussels, but I didn't know who the ambassador was going to be. The name that was then put forward was an Arkansas businessman, Vernon Weaver, who had been the head of the Small Business Administration in the Carter administration, and had gone to Annapolis with Jimmy Carter. He was an older gentleman, but very nice, old-fashioned Southerner. We met, and he seemed to be comfortable with me so we went off to Brussels together. I'd had some relationship with EU issues because of my tour in Bonn, but working with the commission bureaucracy and trying to get a handle on who did what took a little bit of time.

Q: You were doing this in '96 to when?

KURSCH: '96 to '99; I was there for three years.

Q: Let's talk about some of the issues. I watch some of the results of the EU decisions, and I sort of have a feeling that the bureaucracy there is always going to keep the EU sort of a step behind maybe the United States, Japan and all that don't have the same constraints, just because of the complexity. How did you find this?

KURSCH: Well, the EU is a very complicated place, as I've said before. It's very different working with EU institutions than working with a government. In a government, it seems that usually you can get clear cut decisions one way or the other. In Germany, you could call the Chancellor's office or you dealt with the foreign minister's cabinet or had good ties with the economics ministry and you could get response to your demarches. With the commission, I found it much more difficult to get clear-cut answers, even when you worked with powerful officials. Access was not a problem as I had good contacts with senior people in key offices.

The most important office for us was that of the trade and external affairs commissioner. That position was then combined. Sir Leon Brittan was the commissioner and I dealt with his chief of staff very well. And on the whole, Sir Leon was a person who generally shared our approach to trade and economics. But, he had to also operate in the EU context. He had to deal with the French who were very suspicious of him. He had a grating personality and did not get along well with his opposite number, the US trade representative, Charlene Barshefsky and was not well received in Washington when he came here. The president of the commission, Jacques Santer, of Luxembourg, was a compromise choice, and chosen, among other things, because the Germans and the French did not want a strong personality in that job after Jacques Delors. Jacques Delors had been a very strong leader at the commission. Jean-Luc Dehaene, the then prime minister of Belgium had been considered for the job, but he had been blackballed and they wound up with Santer who was, I must say, a weak leader. That also made it much more difficult for us, because when the commission teams would come to Washington, for the semi-annual US-EU summits, our people saw the commission as being Jacques Santer, who wasn't very effective, and Leon Brittan, who was brilliant but was very abrasive. This complicated our life and made it more difficult, I think, to get positive results.

Stu Eisenstadt had put something together called the New TransAtlantic Agenda, to try and find ways that we could work in tandem on issues of common concern, whether they be trade issues or political issues or foreign aid, and helping the countries of Eastern Europe. We were of course big supporters of EU enlargement. But, I must say, filling that agenda up with content was a challenge. I mean even getting things like a science and technology agreement concluded was really quite difficult. There was a French commissioner at the time, Edith Cresson, a former French Prime Minister, who actually helped bring down the commission, because of scandals she had been implicated in. But she was a very difficult presence, if I can be kind.

We did things that didn't help either. One of the first things that happened, when I got to Brussels, was that the US passed the Helms-Burton legislation on dealings with Cuba, where we adopted a policy of secondary boycotts. We would go after European companies that traded with Cuba saying, "Look, if you want to trade with Cuba, don't trade with the United States." And this brought about a 15-0 vote in the European Council made up of all the member states to stand up to us. We had that problem hanging over our heads. Of course, we never went to war over this, even a trade war and eventually were able to manage our differences.. But certainly could be clumsy at times.

In addition, there was a still considerable reluctance to recognize the power of the commission by American companies, and to some extent by the US government, both the Executive Branch and the Congress. One example I can think of is the Boeing McDonnell-Douglas merger, and the companies essentially not wanting to deal with the Commission, ignoring its warnings, and basically saying to the Commission, "Well, what are you going to do to us?" ...Rather than recognize the European Commission's authority over mergers affecting European trade the US firms approached our own Congress to have it pressure the European commissioner for competition to back off. What they did was create a beautiful opportunity for this commissioner, a Belgium politician named Van Miert, to wrap himself in the European flag, and stand up for Europe against these American interests. Boeing eventually had to give in. They could have saved a lot of money if they had listened to us. But they had to do it their way. Now that Boeing has Ambassador Tom Pickering working for them, this won't happen again. But I think there was that reluctance to recognize that whether we like it or not the Europeans had their own rules whether it was on the environment, health rules, genetically modified organisms, or the use of hormones in beef cattle. These differences between ourselves and the Europeans created many hours of work for us.

Q: Frankenfood.

KURSCH: Yes and, really, it's gotten much worse.

Q: Yeah.

KURSCH: We were sort of the victims there of the Europeans' own ability to manage effectively their health problems, particularly with respect to mad cow disease. I think that this whole furor over so-called frankenfood was greatly stoked by that, which we correctly felt that we were the innocent victims. We would always point out, "Hey, we don't have mad cow disease in the United States." But there is this European mentality that somehow "Our regulations are superior. You're not that careful with health. And our regulations are better." We seem to have lost that battle. I'd heard on the radio this morning that Monsanto is pulling out of Europe, and had given up. It's not been an easy time, but it was certainly stimulating. As we'd always pointed out that the relationship between the United States and the European Union is the biggest economic relationship in the world, the biggest trade relationship, the biggest investment relationship. And certainly, most of our companies on both sides of the Atlantic are doing well in each other's markets.

Q: Well, it's a culmination of a foreign policy which has been the foreign policy of the United States since 1945, and that is somehow to keep Europe together so they don't fight each other.

KURSCH: Well, that was the original idea, to bring Germany and France together, and it's been spectacularly successful.

Q: Yeah. Well on the Helms Burton thing, how did you get around this? The idea was, I take it, that if a company had relations, had property, or somehow a tie to property that had originally been American-owned in Cuba, and when Castro confiscated it and had a tie then, we couldn't do business with them and couldn't give visas to the people... It was a ridiculous law.

KURSCH: It was certainly a stretch, and it was the kind of law that if somebody else had done it to us, we would have had a fit.. What we did is, the Treasury Department it seems investigated these cases with all deliberate speed. I think we had a couple cases where visas in fact were denied. The Europeans were careful about how they handled these properties. They didn't flaunt things in our face. But, over time, we seemed to manage. It was like so many things that we do in the Foreign Service. You manage issues in away, you never really totally resolve them. And I have to tell you I don't know what the status of this is right now. But we've managed it in a way that we never went over the brink. A couple of people were denied visas and there were some headlines at the time. But no major economic damage was done.

Q: Well, what about the whole modified food, the Frankenfood type situation? Did you see behind this...? Was this sort of a people's manifestation or was this a manipulation of anti-Americanism of the intellectual left, or what?

KURSCH: As with all things, there are a lot of factors. I do think that the concern, in general, about health and the kind of foods people eat and the lack of trust in their own respective authorities in Europe is pretty great. In the mad cow thing, this lack of European public confidence in their authorities was certainly justified. I recall this British Minister saying, "Oh, I'd go out and get a hamburger for my little daughter." And then we'd see how many animals were infected, how widespread and how dangerous the problem was. In fact at the time there were very projections that large numbers of people might get this terrible disease because nobody really knew. In France, you also had the scandal of tainted blood be sold to hospitals. There was a fair amount of cynicism in France about how well people are protected by their authorities. So there were a number of things that were coming together, and I think there was a general assumption in Europe that somehow, however weak their laws are, US laws are even weaker. There was some genuine concerns about the rapaciousness of American companies and the fact that these people were putting their traditional ways of life into jeopardy and endangering the traditional good quality of foods they had enjoyed. There was fear that these developments it would create products without taste, without any character-sort of a Brave New World type of product. You also had some of the anti-American element, but there was also this commercial element. At one point, the French were the biggest supporters of biotechnology in the EU. But at one critical moment, and I can't tell you when that was, but I'd say in 1997, they flip-flopped. They just went from one side to the other on the issue, within the EU councils. This became a way to keep certain American products out of Europe. And we lost the EU export market for US corn. We lost it all. We had I think about a billion dollars worth of export of corn to Europe and because of genetic modification, we essentially lost it. So, to some extent, it was pure old-fashioned protectionism.

Q: Did you find, were there problems with, using the example of McDonald's, but other American food or companies in Europe... although they were using European foodstuffs, still they were the symbol of Americanism. Did this attract the lightning of the EU?

KURSCH: Yeah. I think it's been part of that. I think that it's made it certainly difficult for the EU to pursue more rational policies. It's forced them to go very slowly. They adopted something called the Precautionary Principle, which meant that they did nothing on a lot of these applications to approve genetically modified products. It's also slowed down greatly the level of research in Europe. And if there was a lobby, it was the industry itself in Europe that was afraid that it would get left behind. So, to the extent that there had been modifications of European policies, and I think there have been some, it's been this concern that "Gee, all the hot research is going on in the United States, and if we impose these restrictions on ourselves, we'll get left behind." But certainly the situation has deteriorated since I was there. It's not one I can claim success on, unfortunately.

Q: Where did Canada fit in in all this?

KURSCH: Well, we had a group in Brussels, a luncheon group, it was ourselves, the Canadians, the Australians, the New Zealanders, the Japanese, and somehow the Koreans... it was the major countries that were not EU members that were capitalist countries, exporting countries. We tried to at least exchange experiences and views on EU agricultural policies because of the common threats we faced, although, we and the Australians also had our differences.

Q: Oh, yes.

KURSCH: I guess the Canadians and we were probably, we were fairly close to Canada, and my Canadian counterpart and I were pretty good friends. The Canadians were always kind of frustrated in a way because they wanted to have the kind of high level bilateral dialogue with the EU that we had, but they could never get the EU to give them the time.

Q: Were we able... this was the time of the development of North American trade... NAFTA... North American trade agreement, wasn't it?

KURSCH: I think NAFTA was earlier than that.

Q: It had happened, but was this seen as the counterpart to the EU, was this something that could be used, "If you do this, we'll do that." Or was it...?

KURSCH: Not really. We pretty much dealt with the EU bilaterally. The Canadians are, frankly, don't have the economic or political weight. They don't produce that much value added on most issues to carry the day with the EU if we come in. The Japanese, I must say, were also part of the group of trading companies I talked about. I guess if we, the Japanese, and the Canadians came in together, that's maybe a greater voice. I'm trying to think of when that happened. I don't recall specific incidents. The other thing is the EU has this great political component to it as we discussed before, and it just has a very different kind of character. We supported that political evolution. And I believe we still do, although we didn't want the EU to define itself as being an entity that was opposed to the United States or was a rival to the United States. We wanted a partner. My sense is that we've been somewhat successful in achieving this, but certainly not fully successful.

Q: Were we looking upon the EU in foreign policy as being a fairly weak instrument, for them, an ability to come up with a common policy?

KURSCH: Well, I think the problem we had, that EU policies, even to this day, tend to be the least common denominator of all the member states. And even small member states can dilute it further. So, we had frequent frustrations. There was also the old inclination to deal through NATO and with the major powers, to deal with the British, the Germans, the French, the Dutch and, to some extent, the Italians and Spanish. I don't think Brussels or the EU was then seen by US policy makers as a place that would be normally helpful. And the mission, to some extent, may have been tarnished by people's frustrations with the EU systems. I feel that way. There was not, I would say, in the European bureau, much affection for Brussels. I can remember the deputy secretary coming through at one point, and I had to escort him from NATO over to the commission to make a call on Commissioner Van den Brueg, and him saying to me, "I'm doing my patriotic duty by coming into this place." He found them very frustrating. Even in delivering material assistance, they were very slow. I remember trying to get money for something called the Open Broadcast Network for Bosnia. Secretary Albright had been promised money for this and they were just so slow to deliver it. And I'd had to call over and call over and call over, and I guess they finally got it. But it was such a painful process.

Q: Yeah. Well, did you look at this, did you see developing in the EU, sort of a bureaucracy where the veins were hardening, and it was hard to get things... It became a bureaucracy that existed to be a bureaucracy.

KURSCH: I don't know if that's fair. I think that the commission officials are generally very bright people. The examinations to get in are very demanding and positions at the Commission are among the best bureaucratic jobs in the world in terms of pay and, benefits. In this respect it beats any of our respective civil services. But there is a sort of papa or mama knows best attitude among the civil servants in Brussels. I've seen that with many EU officials I deal with. There, it's kind of a Mandarin operation that 'we are trying to build Europe and we know what will work for Europe. We're here on this mission.' These are not people who used to testifying before a tough Congress, as our senior people have to do all the time. They aren't humbled in a way by having to respond to constituents the way our bureaucrats have to. And I think that's a major shortcoming in the whole European process. It's starting to change. I mean the European Parliament does have more clout than it used to have. Most impressively, it dismissed the whole commission while I was still in Brussels.

Q: This is because of Edith Cresson

KURSCH: Well, because of the scandals, yes, and basically because of indescrections by Mrs. Cresson. But because the Parliament can't get rid of individual commissioners, they basically had to dismiss the whole commission and it resigned collectively. And I think that that had created a new atmosphere. Plus the fact that now you have Javier Solana as the special representative for foreign and security policy. They are now talking with a new, with the new constitution of having in effect a European foreign minister. You also have even brought in Chris Patton as the Commissioner for Foreign Affairs. This has brought about some positive changes in the relationship and also I think made Europe more dynamic. But this is a process in the making, and we don't know how it's going to come out at the end of the day. We see now, one of the things that's interesting to me, is that the likelihood of the UK adopting the euro, which if you'd asked me three years ago I'd say, "Yeah, I'm sure they'll do it within the decade, maybe by 2005." That ain't going to happen. The Swedes now voted it down despite the fact that all the political classes and the businessmen were for it. Now we have the major development of the ten new members, and they're going to make the EU a very different place, just as a reunified Germany has made Germany a different place. So, what is this going to be? I don't think any of us know exactly, but the experiment certainly has been much more positive than negative, and we'd miss it if it weren't there.

Q: This might be a good place to stop now and pick up later on.

KURSCH: OK.

Q: Where did you go in '99?

KURSCH: I stayed in Brussels.

Q: But I mean what happened?

KURSCH: Well, we set up the Stability Pact for Southeast Europe. I worked on the Balkans for three years, promoting Balkan reconstruction.

Q: Ok, why don't we do Balkan reconstruction.

KURSCH: Yeah, we might be able to finish the whole thing up.

Q: Yeah. Great.

KURSCH: OK, good.

Q: Today is the 31st of October, Halloween, 2003. Don, when we talk about the Balkans, what was the status of the Balkans, in '99 when you got involved?

KURSCH: Well, the Kosovo war had just come to an end. We were wondering what to do next. I think it had finished quicker with fewer casualties than we had expected. But I really hadn't been involved with it too much, except as an observer, because I was working the US-EU relationship. I was charge d'affairs, had been that for about five or six months. The ambassador had left early in the year, I think in January, to go back to his company. All of a sudden, I did see these cables on postwar planning and realized that the Germans had come up with this proposal to create a postwar initiative for the Balkans that would involve a large number of donors. I was somewhat surprised to see that we were enthusiastic about somebody else's proposal. But, indeed, this took root as a US-German initiative under EU leadership, because Germany was had presidency of the EU for this period, it was the first half of '99. I hadn't really done much work in the Balkans at all. But I had served in Hungary, which was next door.

Just as I was getting ready to go back to Washington for my next assignment which would have been to work with the Air Force's Chief of Staff as his political advisor, I got this call from Washington, saying, "Look, we have made a decision to create this new initiative for Balkan reconciliation and reconstruction. We're calling it the Stability Pact for Southeast Europe, and it's going to be German led. But the Secretary wants an American deputy. Do you want to take this job?" I guess one of the major considerations was that the German nominee was a domestic politician who didn't speak English very well. He was running the Chancellor's office at the time. He was head of the Bundeskanzleramt.. So, I called up John Kornblum who was the ambassador in Bonn at the time, and asked him a little about this Mr. Hombach, who had been nominated to lead this initiative. John described him as being a baroque personality, and indeed, he was.

I got in the car, I still had a driver then as chargï¿½, and went over to Bonn, where I met with Mr. Hombach, who was still sitting next to the seat of power in the Chancellor's office. We had a two-hour conversation, he offered me a cigar, and we sat around in his office and we kind of hit it off. He was a person who had started as a party activist in the Social Democratic Party in Germany, and had worked his way up. He'd been the party boss of North Rhein Westphalia, which is the biggest state in Germany, and then also had been involved with business. He'd been the economics minister of Rhineland-Westfalia at one point. But he was a classic party politician, and he had run Schroeder's campaign for Chancellor. He was not particularly close to Schroeder, but he was a very creative presence and a lot of political savvy. So, here I was, a career bureaucrat and I signed up with him.

Of course, then we really didn't know what we were supposed to do with this initiative. There was this enormous fanfare at the time about the Stability Pact, and I think the countries of the Balkans somehow expected that we'd be sending large aircraft over the region and dropping out stacks of $100 bills. This was not helped by the fact that it was decided, I think under US urging, that we have a big summit meeting in Sarajevo to kick this off. So at the end of July 1999, President Clinton, and Jacques Chirac, Schroeder, Blair, and about 30 other heads of government or heads of state descended on Sarajevo for this summit meeting. So, if the locals weren't expecting the $100 bills before, they certainly were expecting them afterwards. And of course flowery speeches were made about the great commitments of all of us to win the peace and reconcile these archenemies. The Serbs weren't invited to this one because they were still under Milosevic's control, so they were the big hole in this donut. But Tudjman of Croatia came, with some reluctance, and there was some superficial reconciliation between him and the Bosnians at the meeting..

After this great extravaganza had taken place in the old Olympic ice skating rink, which the Bosnians fixed up for the occasion,-God knows how much money we must have given them to fix that up after all the war damage-all the leaders went home and we went back to Brussels. We didn't even have an office or any equipment. Well, we had phones, but we had to find a basic office. I was able to get ourselves a basic office through friends I had at the Brussels Office of the high representative for Bosnia, which had some extra space it wished to sublet.. So we had six extra physical offices with desks and some telephones, and we were able to get the telephones, sublet them from OHR, and start operations.

This a shock for me at my relatively advanced age, because in my previous jobs, and particularly in Brussels where I'd had a very solicitous and efficient secretary who took care of all my needs. When we started up the Stability Pact I had no support at all. Our initiative had been given all this fanfare, so people were expecting lots of things. We were getting calls and letters, and but at the office I was writing my own faxes since this was the only way I could communicate with them. We had a fax machine and communicating by fax. So we were really creating something out of nothing. We didn't have any money either. That was the other thing. We were not a bank, we tried various schemes, Bodo Hombach, he was very nice to me. He insisted that we operate on an informal or "du" basis right from the beginning, and we did a lot of our conversation in German. German sort of became the language of the office. We had a wonderful chief of staff, a fellow named Marcus Ederer, a career German diplomat. And we did get a number of countries to chip in people into this operation. In fact, I was successful in getting some additional US support. For a while we had an extra state department officer and we got a Commerce Department officer, through undersecretary David Aaron.

Q: When did this thing was kicked off, what were they saying they were going to do, and what were these 30 chiefs of state saying they were going to do, other than pat each other on the back?

KURSCH: I'm not sure that anybody had ever really thought that through. I know Dan Hamilton who's over at SAIS now had a lot of ideas on it. You really ought to get a hold of Dan and maybe figure out what he was thinking. But, my sense was, one of the things I heard, was that politically, the Germans very much wanted to have a peace initiative as one of the features of their presidency of the EU, and that this served an internal purpose within Germany. There had been a major split in the Green Party between Joschka Fischer, the Foreign Minister, and some of the other Greens over the use of German military forces, and this was part of the effort to show that they were going to win the peace. From the American perspective, I think all of us, I certainly was, were delighted to see Germany taking a major role, because the Germans were always reticent about taking leadership roles, and that this time in 1999 it seemed like an excellent idea. The Germans did have political support and came up with some extra money. The problem was, first of all, that the EU bureaucracy, the commission bureaucracy, was never very enthusiastic about this because they saw the Stability Pact as a rival even though they were supposed to be our principal sponsor. God knows what Hombach was promised when he took the job. I think there was some sense that he would be sort of a czar for the Balkans, but you can't be a czar unless you have a lot of money. One of the first things the Commission tried to do was ship us off to Thessalniki, Greece, to get us out of town. I caught them trying to do that on my farewell calls as USEU DCM so I quickly called up Hombach friend in Germany, and told him, "Bodo, you better get to work because they're going to ship us down to Greece, and if they do, we'll never be heard from again." We'll be out of town and out of luck. So, he was able to turn that one off. That was kind of symptomatic of the battles that we had with the European Commission. Interestingly enough at the time, there was no European Commission because, as I noted earlier, the Commission had been dismissed by the European Parliament.

Q: This is because of the scandal.

KURSCH: Yes the one involving Madame Cresson, which brought down the entire commission. So they were in the process of reassembling a new commission and the commission bureaucrats were really in control. So we had this short period where nobody was running things. And then they brought in Chris Patton, they set up a new foreign affairs high representative, Javier Salana, but when we started out, none of this was there. Anyway, we had this mandate, and we set up along the lines of the OSCE.. We had been established under the auspices of the OSCE, but nobody could really figure out what that meant. But what we did, we set up our operations based on an OSCE model, we created three working tables to promote our initiatives: one for democracy, one for economic development, and one for security. And we found people to head up each one of these initiatives. Then it turned out, that we ended up with three deputy special coordinators. This came later.

I had a colleague from the commission who had worked with the previous Dutch European Commissioner, Ed Kronenberg, and he automatically grabbed the economic table because the EU wanted to take the lead here. A Finn was brought in to handle the security table. I took the democracy portfolio because it seemed to me that that was something that was appropriate for an American to do, and I didn't have a security background anyway, and it intrigued me. So we created that, and it really was creating something out of nothing, because they had found a very eminent former Dutch foreign minister, Max van der Stuhl to head up our initiative. But what was surprising for me, although he was a very famous human rights advocate, the first time I met with him he was asking me "What kind of ideas do you have to promote democracy in the region? I was hoping to get ideas from him. [laughter]

Q: [laughter]

KURSCH: So, we really did have to start this from the ground up and it was quite hectic at the time because at the beginning, there was a lack of staff support, a lack of precedent, and no clear definition as to what this was going to be. And of course, when you have an initiative with people, staff from 15 different countries, there's kind a lack of common experience. Plus, we also had the added challenge that our boss was linguistically challenged, really didn't speak any foreign languages other than German very well, and tried to avoid situations where he had to speak English, if at all possible. So we got off to a bit of a bumpy start. Of course, we had these enormous expectations to deal with, that we were going to shower the region with money.

So, we did do a number of things. One of the things...we set up separate meetings of these so-called working tables, security, economic development, and democracy. By doing that, we defined to a greater extent what we were going to do. Then we concentrated on putting together a big donor's conference for the region. We had one of those in March of 2000, where we would basically, like a big charity event, get countries to come forward and say how much they were going to pledge for the region. We also, and this was something that I thought up together with the Hungarian government, was we put together a special program for aid to the Yugoslav opposition to Milosevic. We had a program to help the cities and town in Yugoslavia that had elected opposition mayors in this election... In the late '90s there'd been an election where Milosevic had actually allowed a semi-free election to let off some steam, and a number of opposition people were brought in, including the present prime minister of Serbia, Mr. Zivkovic, who was the mayor of Nis. So we were developing city-to-city relationships that would and give money, assistance and moral support to these municipalities. We were trying to find practical things to do, and trying to get pledges from perspective donors. We went around getting advice from people. We came to the United States. I had breakfast with financier George Soros, and together with Bodo in his apartment in New York.. Soros wanted to start a fund for democracy, and was prepared to match us for any special money that we could raise.. But there was no willingness on either the part of the United States or the EU to put money into a special fund for this so that approach was not going to work.

So, what we ended up doing, and, in retrospect, I think that this worked reasonably well, was to develop a menu of projects in cooperation with donors, and then we would ask the donors to put up money for these particular projects. Secretary of State Albright, was very interested in the time in dealing with the question of history and how history was presented to the populations in the region. So, the US pushed this very hard, and we put up money for that. We put up seed money. We got other countries to be partners in developing these individual initiatives.

The Austrian deputy foreign minister, wanted education to be a priority. At the opening organizing meeting, that was adopted as a priority, but then I said, "Well, now, how much money is Austria prepared to put up?" And they really hadn't thought about that too much, but they realized that if they were going to push it, they were going to have to come up with money. The Swiss were pretty good. We got thirty million extra Swiss Francs out of the Swiss Parliament for the Stability Pact provided I could get the Switzerland to be accepted as a full member, which was more difficult than one would think, but we worked that out. The Swiss loved the Stability Pact because it was a way for them to take part in an international initiative without having other tell them exactly what to do. They could do good things, get credit for it, but could also decide how they wanted to spend the money. And then when we finally did have this donor's conference in Brussels in the Spring of 2000, we were able to get pledges over a couple of billion dollars, as I remember. On the democracy side, we got pledges between four and five hundred million, which was pretty good. I think the lion's share of that was for refugee returns, but we also received significant pledges to promote freedom of the media, ethnic reconciliation, education and other activities.

Most importantly, though, is that we got a process going. I think that was the real contribution. First of all, we put the EU on the spot. The EU realized that they had to produce, as they were the designated leader. And as much as the European Commissioner didn't like the idea of the Stability Pact very much, at this first conference, where they were the host, they had to come up with a serious program for the region. And so the EU accelerated its efforts and they came up with a plan for including association agreements with the countries of the region that accepted basic EU principles. Very importantly this also involved economic assistance to these countries. And, most importantly, these countries were also give the perspective of eventual EU membership. Up until then, SE Europe had been a "black hole" for the EU. They really didn't want to think about "What do we do with Albania? The process, as it unraveled, did create that kind of a dynamic. Today, I do think that all of those countries do have a perspective, even a country like Albania. It may take the Albanians thirty years, but that is still a perspective.

Another thing that the EU did, and I give them a lot of credit, was take over the leadership role. Here was a clear example for the US, and it was represented there by my presence there a deputy, that this was an EU need. The Americans were there to give a certain amount of assistance, but to remind the EU that this was their show. And as hard a time as they had getting their act together, I think our reminding them was probably a critical factor.

[END OF SIDE ONE, TAPE FOUR]

[SIDE TWO, TAPE FOUR]

Q: Yeah, you were saying...

KURSCH: The third thing that we did that I think was extremely important, was we created a regional dynamic where we were getting these countries together and urging them to try to define what their priorities were. Part of the problem with the whole Balkan region, was that nobody wanted to be in the Balkans. They all said, "No, no, we're not a Balkan country." Or, "We're an EU candidate." Everybody was trying to escape the region. But what we would say is, "Well, whether you like it or not, this is geography." And the EU would reinforce that message by saying, "Look, if you want to be part of our organization and you can't get along with your neighbors, how can you expect to become an EU member someday, because by definition we all have to get along" So, we did accelerate a regional process, which I thought was very valuable. As a matter of fact, if I had had my way what I would have done with the Stability Pact after maybe three or four years would have been to enact a sunset provision and turned the process over to the countries of the region. These countries had their own fledgling regional process called the Southeast European Cooperation Process (SEECP). There wasn't a good deal of meat in this process, but we could have taken a lot the projects that we were doing and turned these over to the SEECP, and then provided technical assistance, political support, and maybe a certain amount of diplomatic cover, while at the same time making these countries feel that was their process. That has not been done, although I think there is some movement in that direction.

But, anyway, what is clear four years later is that the whole process of discussing various issues, whether they be crime, trafficking in human beings, dealing with natural disasters, trade, has been set in motion, through a regular series of meetings and negotiations. The dialog is very, very lively. The only black hole still in the region is Kosovo, and that is an area where we were really not successful. I thought because of the way we operated we might be able to do something with Kosovo too, because we started out working, as I mentioned earlier, with the Yugoslav opposition. When the government in Yugoslavia changed, we immediately reached out to the new democratic government and asked them to come into the Stability Pact. They used us as a way as a bridge to reach out to the region. I thought that was done quite adeptly by Bodo Hombach. I thought, it's too bad, we ought to be able to do this with Kosovo. I remember, we had Montenegro as a member from the beginning, but not Serbia. And I thought, "Well, since we have a precedent to show that working with the Stability Pact doesn't imply diplomatic recognition, there ought to be practical steps that we could take together." But, really, not a great deal was done in that regard.

But, as I look today, at what the Balkans looks like, and I look what we inherited in 1999, I believe that this has been a real success story. Although I wouldn't say that things are irreversible, they're moving in that direction. If we look where Europe was four years after WWII, it wasn't so clear that the things that have happened were going to happen. I'm pretty optimistic about the place. I also think that we and the Europeans did it right. I wish there were more attention given to how we the United States, and the EU, and the key member states, particularly Germany, worked together on this, because it has been an effective example. The way we brought in neutral countries, like the Swiss, and other non-EU members like the Norwegians, was very, very helpful.

Another thing that we did, which was a maybe a small but significant difference, was to get the countries of the region, the so-called new democracies, to think of themselves as donors for the first time. I know Hungary pretty well, and I mention this initiative for helping the Yugoslav opposition. The way this one started was that, the Hungarians wanted something that would reach out to the Hungarian minorities in the former Yugoslavia. So, they proposed to do, start something called the Szeged Process, that would meet in the Hungarian border town of Szeged. I said, "it's is a great idea to help the opposition, but we can't just be helping Hungarians. This has to be generic throughout the region, particularly in Yugoslavia. And, by the way, how much money are you prepared to put commit to this?" This was something that they really hadn't thought of because they hadn't been a donor country before. But, they pledged over a million dollars to establish a foundation in Szeged, and they've committed additional amount since then. The Czechs also put up money for projects of interest to them such as freedom of the press. The Poles became involved. Slovenia, was another country that was helpful as a donor country. I think the mentality, "Hey you guys live in the region, and yes, you're still relatively poor, but you're better off than your neighbors, and it really is in your interest to help them" I think it was an important development. ...

Another thing, too, that these countries didn't want to be thought of as the objects of this exercise. You know, they wanted be participants, but you're either going to be an object, or you're going to be a donor. So, we did make major steps in that direction. I think that there are a lot of little individual initiatives. We opened up a center in Belgrade for the destruction of small arms and light weapons. I think that this was the first initiative to be headquartered in Belgrade. We had a meeting of Yugoslav cities and towns in Belgrade that I co-chaired, in the fall of 2000, three years ago. This was the first international meeting that had taken place in Belgrade in almost a decade and received a great deal of local attention. So there were those kinds of things. And with a staff of twenty people and no real budget, this was not insignificant. And in terms of what is the basic axiom of medicine, "Do no harm." That certainly we didn't do. The only thing I think I would have done is differently was to transition the initiative into another format by now. The United States is gradually easing out its participation in the Stability Pact, or downplaying it. Of course, we have other priorities now, but I certainly hope that we don't abandon the Balkans altogether because the job isn't quite yet finished.

Q: You know, in all your talk, I never heard the word France mentioned.

KURSCH: No, no. Well, the French are difficult partners as we know, I think I mentioned this earlier to you. They were present. One of my colleagues was French, and he was quite capable. He had been in the High Representative's Mission in Bosnia. In the Balkans, in Bosnia and Kosovo, it seems to me we have worked moderately well with the French. But I think that the French had very mixed feelings about an initiative that was American and German led. I also have the sense that the Germans on this initiative may have reached an understanding with us before they told the rest of their EU partners. So the French did not take a particularly high profile. There were a couple of initiatives that they were engaged in; I also think they also did not want to spend the money. They did hold a big meeting, it seems to me, during their presidency, where they pushed these association agreements, but it was done very much in an EU context. There wasn't great eagerness to give the Stability Pact or the United States much credit for what was going on. They did have some able officials. Their coordinator for the Stability Pact, a man named Alain Le Roi was quite capable and he later became EU representative for Macedonia. The Italian side was interesting. Because at the very beginning, they were quite interested. They had a Prime Minister, I think his name was D'Amato. He came from southern Italy, and they had the problem with the Albanian immigrants,

The Italians showed a great deal of interest. But during the evolution of this exercise, the leadership in Italy changed, and one could sense the decline of interest from the Italian side. So, the Italians had promised a fair amount of resources, but then they started pushing some other initiatives of their own. The Greeks were moderately helpful, because it was directly in their neighborhood. Foreign Minister Papandreou, took a direct interest in the democracy working table. There was a Greek coordinator after this fellow, Van der Stuhl left, a former Greek minister was brought in, named Rumeliotis, with whom I worked closely. In fact, I guess I was one of the few people who could get along with him. But I have to say I worked well with the Greeks on this.

We did have sort of a rival initiative, which also complicated things. Dick Schifter had started the southeast European cooperation initiative on his own. He'd asked for EU support. They hadn't offered it. So, there was some rivalry there, and that also I think deflected from US support for what I was doing, and complicated my life somewhat. But, at the end, it's come together reasonably well. Among other things, the guy who was the European coordinator for Schifter's initiative, a former Austrian politician named Busek, succeeded Hombach as the Special Coordinator for the Stability Pact. So, it's like so many of these things, you have these very strong rivalries while you're working bureaucratically, but when you look back, you think, "Gee, I'm not sure who did what, but when I add up everybody's efforts, collectively, we've done a pretty good job." I mean, Schifter's initiative on combating crime in SE Europe was very useful ... They set up this crime fighting center in Bucharest, which seems to be a pretty good idea that brings the police officials from the region together where they talking to each other, where they're developing confidence in each other, where they can make each other look good. So, we've come a long way. The region just has, as you know, so many economic and political challenges. You have the real deficit in civic culture, and so much time has been lost. So it's going to take many, many years. The expectations are still very high. In this time of globalization when people see on television how well their neighbors in the west are doing and can actually travel out there, people are going to be impatient. But I think that part of Europe is on the right track.

Q: Well, one of the things, several years ago, there's considerable press attention to the corruption in Bosnia, particularly. Of course Albania was almost sort of ungovernable. How were the funds distributed and accounted for?

KURSCH: Well, the funds that we had were distributed through the various donors. So, if it was a USAID project, then USAID would distribute the money, or the Swiss development organization. Or, in some cases we with worked NGOs, but you'd set up a project, for example, the teaching of history, or maybe aid to fight corruption, or to combat trafficking in human beings. So these individual projects were administered by project administrators. In a way, when I think back, yes, we would love to have had a democracy fund or a fund for another special purpose. But if we had to administer such a special fund, it would have been necessary to bring in special people to do that. So, that was not a particular problem for us. This wasn't clear in the beginning. And then I guess people say, "Well, what is your value added?" But your value added is the political value added produced by going out to get countries to make these commitments, to develop projects they are comfortable with and to make them feel that they're part of a larger process. Another thing that I think is important from the US perspective was that we were not the sole donor here. We've gotten the Europeans to put up money, and indeed, they're putting up most of it. Politically, this is a very good message to send. So, that was not a particular problem. I think the bigger problem is how do you really change these cultures when corruption is so deeply imbedded. I'm hoping in a place like Serbia, for example, where you do have a younger generation of people coming in this will be possible. I know the minister of finance there is a young former investment banker who has made a lot of money in the West. I think he was working in France. You hope that people come in with different ethical standards that they can then pass on in a broader sense. I know there are people who have those values in Serbia, but how well they can prevail over time remains to be seen.

Q: And as you mentioned, history may seem like a minor matter, but history is what has driven all the problems of Yugoslavia. But trying to get a handle on history not being a matter of learning what happened in order to get revenge but to bring about reconciliation, is terribly important.

KURSCH: One of the great tragedies of Yugoslavia, in my judgment, I have often compared Mandela and Milosevic, and thinking what a nightmare we would have had in South Africa had a Milosevic type personality risen to power and pitted the various racial and ethnic groups against one another. And I can remember at times, it seemed, that they might have been close to that. On the other hand, what might have happened if you'd had a person of vision in Yugoslavia, a Serb, a real leader who could have somehow risen above these hatreds of the past, and who had made a serious bid to the EU to bring Yugoslavia into the EU as a single entity. When I see how the EU enables countries like Spain and Belgium, in particular, to deal with their own internal ethnic differences, and if the EU also had had the vision to say, "This is a real opportunity for us" we might have avoided ten years of tragedy. It would have been a lot more easy too, for the EU, with just one additional member state than all the others. But what's happening now, I think, is largely positive. We talk about transforming the culture. Here, I think the EU is a very positive presence because to get into the EU, to become part even of the Council of Europe, you have to sign off on all sorts of commitments. These are quite detailed. I think some Americans would see them as highly bureaucratic. But you do need to make commitments to democracy and human rights, and freedom of the press and you have to do an awful lot of things that we take for granted. Also, you should have effective laws to fight corruption and an honest administration. The ability to promote this kind of process is what makes me optimistic. Even in a country like Albania, which has had very, very different experiences, and was kind of the North Korea of Europe for many years, I see a real willingness, almost a childlike eagerness, to transform itself. I like the Albanians. They were very hospitable. But they also seemed to be people who really tried to do the right thing in most cases, but it was very, very hard for them. It's going to take a lot of support and many years. But there aren't that many Albanians. So, we'll see.

Q: Just for the person who is looking at this later, I understand what you mean, but would you explain, when we talk about human trafficking, it sounds like there's the slave trade going on at the turn of the century. Could you explain what we're talking about?

KURSCH: Well, this is the smuggling of people across international boundaries for sexual exploitation, basically. There's a lot of this that goes on throughout the world, but it does seems to have been particularly flagrant in the Balkans, in Bosnia. There was internal trafficking, but there's also external, out of countries like Moldova is a major source. Because the economic perspectives in these countries, the former Soviet Union, are so bad, I think young women are easily talked into leaving these countries, going somewhere, to the west where they are offered jobs as waitresses, hostesses, whatever. Maybe they even think they know what they're getting into, but they don't really know what they're getting into, because when they get to these countries their passports are taken away, and they are kept as virtual slaves. This has become a major issue for the current administration here. For Congressman Chris Smith, for whom I worked on Capitol Hill during my last year in the foreign service, this was one of his big issues. I think it's another area where we and our other friends can work together. I've become a big advocate. I just should mention briefly my last year at the Helsinki Commission where I worked as the senior advisor to the commission.

Q: This was ...

KURSCH: After I came back...

Q: This would be 2002.

KURSCH: 2002-2003. This was my final year in the Foreign Service. This Helsinki commission has done some very worthy work for the last almost 30 years, since the signing of the Helsinki Accords. I had been somewhat skeptical about it as a State Department person. But, working on the Hill, and seeing the way it engages certain members of Congress on democracy and human rights issues, and becomes an advocate for them, I became very positively disposed. The Commission is also nonpartisan. I mean, Chris is a Republican, but works very well with the minority members of the Commission.

Q: Chris Smith is ...

KURSCH: He was the chairman of the commission in the year I was there, and is a Republican from New Jersey. Steny Hoyer of Maryland was very active at the Commission during the years of the Soviet Union, and Ben Cardin of Maryland succeeded Hoyer as the ranking Democrat. But what I found interesting, the potential we have for cooperating with other countries of good will and other democracies on other issues of common concern in third countries where there's serious problems. I mentioned human trafficking. As for other areas of concern, well we had an initiative that we started on anti-Semitism where we worked with members of the German Parliament, but then we got other parliamentarians to sign on. And it does seem to me that we need to be doing more of that in our foreign policy, to define what it is that we really stand for in the world. A major problem in the US-EU relationship is we were always defining our relationship by our differences. These differences certainly exist. We have a big difference over the use of the death penalty, although that is a complicated issue in itself. But we had differences on trade policy; we had differences over Iraq. But, in terms of what we're for, it sometimes gets eclipsed by these differences. I would hope that we would make a greater effort to try and work on these specific issues where we have common concerns. Then when we sit down to reevaluate the state of our relationship and explain them to our populations what we are accomplishing together and come up with specific examples. We see the growth of anti-Americanism in Europe and I think some genuine misunderstandings about what we're for. The other problem we have, I have to say, the deterioration of the relationship with Germany does make me sad and I hope somehow I may be able to work in some small way to counter that.

But we do have a new generation of people growing up without a postwar experience, without the cold war experience. In Germany, for almost forty years, we had, at any given time, 300,000 American servicemen and their families living in Germany. And, of course, that's not the case any more. After reunification took place, it immediately dropped by two-thirds, and it's going to drop much further. In fact, we may have only token numbers in the years to come. Not only that, but for the soldiers that lived there, it was one of the happiest moments of their lives. They were young, they had money, and their relationships with the German population were remarkably good. I think the American military commanders in these areas, towns in Germany, deserve recognition for the exceptional work they did to try and develop relations with the local community. As I rode around Germany, I used to think about this. It was amazing that we were still welcome after all these years, because I certainly saw how happy the Hungarians were to get rid of the Russians at the first opportunity. So, anyway, we somehow lost that. We have to build the relationship up again. Maybe you can use certain memories of the past to help this process, but we have to do more than that. We're going to have to try and define what it is we're for. It's a big challenge for the next generation. I'm very uncomfortable when we, the United States, go off on our own without really thinking what those consequences are going to be. This almost gut instinct to act unilaterally is going to do serious harm to us.

Q: I think we're going through a particularly bad patch right now. For some reason, we have, I hate to say it, but looking at the whole thing, this is probably, foreign affairs-wise, just about the worst period I think we've had. You had the Vietnam war, but there is still a residue of something holding it together. This administration has really been very poor.

KURSCH: But it was at a different time. If you think of how angry, we talk about differences in the Middle East, we think of how angry the British and the French were with us in 1956 over Suez. In fact, the US-French relationship has never recovered. But the thing that held us together was the Soviet Union, and their presence right across the border, in the Fulda Gap. So, no matter how angry people were with us, you had this reality. And, one could imagine that during the Vietnam War, if we hadn't had the situation as it prevailed in Europe, who knows...

Q: And on the Suez thing, too, the Eden government really didn't have that much support within France too.

KURSCH: I think it was inevitable in 1990, that we were going to have some basic changes. We could see this in Germany. We talk about the Bonn Republic, the Berlin Republic, the move to Berlin. And now we are seeing how things are fundamentally changing. I took part in a luncheon a week ago, and the German deputy foreign minister was the speaker over at the Wilson Center. What struck me was the very strong emphasis on the relationship with France. When I was in Germany, the relationship with France was fundamental to the EU relationship. But, on the other hand, the Germans very much wanted to maintain something of an equal distance with the United States and be the country on the continent that we could work with in the EU context. I think that's changed. Now, I think what we're seeing in the EU this German-French core which is defining itself by being a non-America. And I am troubled by that, because I think the French, we discussed this before, have a somewhat different agenda. An EU that is defined in a French way, that's going to be a very rocky relationship for us. I don't think that will be a Europe with whom we will generally be partners. Rather we will be in ongoing conflict.

Q: Yes. Adversarial.

KURSCH: It will be an adversarial relationship. But, it's somewhat more complicated than that, because my observation of the EU is that most of the countries in the EU do not want to be a French-led operation. As they develop greater confidence, I don't think they will be. Unfortunately, in the German case, there are a number of negative factors including Schroeder's last election, and how he played the anti-American card at the last minute. I have to say if there is one factor that has soured the relationship more than any individual thing that we have done, certainly soured the relationship with Germany here, it has been that.

Q: Now, during the Balkan initiative, you didn't mention Russia. Russia's always had this, these are Slavs, had this feeling... Did that play any factor?

KURSCH: I'm glad you asked that question. The Russians were original members of the Stability Pact as were all the countries of the EU, the countries of southeast Europe, the former Yugoslavia, plus Albania, Turkey, Hungary, Romania.. And Russia was an extra country. Interesting enough, Switzerland, Norway, Canada, and Japan initially were only facilitators. They were not originally members, and we tried to change that because the Swiss basically said, "You want our money, you make us a full member." The French didn't want them in because they didn't want to empower the initiative. But, we isolated the French on this, so they finally gave in. (I found when the French were singularized, they usually would give in on something like this.) But the Russians were members, but they didn't have any money, and they had to be a donor. Strobe Talbot initially wanted to extend the Stability Pact to Ukraine. But again, the Ukrainians didn't have any money to give, and the Ukrainians had more people than all of the rest of the Balkans, so that didn't go anywhere. So, that what we tried to do was avoid doing things that would give the Russians grief. A couple of times, we had to have some frank discussions with them. I remember something we did, this media charter for southeast Europe that they didn't like much, but the Germans faced them down, and they basically said, "We're going to do this anyway whether you like it or not." But they weren't active.... Bodo went to Moscow a couple of times as a courtesy. Overall the Russians weren't a problem.

Q: Well, is that it? You think?

KURSCH: Well, I guess so. I hate to think of these good times coming to an end here, but I thing we've covered the high points in terms of what might be useful to you. If I think of anything, I can edit the text.

Q: Absolutely.

End of interview