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An Interview with

Joseph F. Stepanek

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KEY WORDS

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Administrator Gilligan
Administrator Parker
African agriculture
agricultural research
Bangladesh
Bangladesh Rice Research Institute (BRRI)
China
closing USAID Missions
commercial farming
Consultative Group
Cooperative Association for Relief Everywhere (CARE)
Cuba
deep water rice
democracy portfolio
Demographic Health Survey (DHS)
devolution
famine early warning systems (FEWS)
Economic Support Funds
Edgerton College
family planning program
Federal Executive Institute
fertilizer privatization
fertilizer
Food and Agricultural Organization of the UN (FAO)
Green Revolution
HIV/AIDS (Acquired Immune Deficiency Syndrome)
Indonesia
Interagency Food Aid Committee
International Monetary Fund (IMF)
irrigation
Julius Nyerere
Kenya
Latin America Bureau
locomotives
management of wildlife
Maternal Child Health (MCH)
new seeds
ownership
PL 480

President Carter
privatization
Regional Economic Development Service Office (REDSO), Nairobi
roads program
rural electrification
Rural Development Division
Senior Seminar in Foreign Policy
socialist experiment
structural adjustment
subsidies
Agricultural University in Tanzania
Tanzania
Tanzania-Zambia Railroad Authority (TAZARA)
Title II
Title I
Title II program monetized
training Indonesians
trickle down process
Tuskegee Institute
US agricultural exports
White House World Hunger Working Group
World Bank
Zambia
Zanzibar malaria control project

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An interview with
Joseph F. Stepanek

Interviewed by W. Haven North
Initial interview date: December 29, 1997

Q: This is an interview with Joseph F. Stepanek on December 29, 1997. Joe, why don't you start off this interview by telling us where you're from, where you grew up, and something about your early education.

Early years and education

STEPANEK: Thanks, Haven. I'm pleased to plunge in with my background which, for me, explains a great deal about why I went to work for USAID [Agency for International Development] and how I saw USAID as a remarkable opportunity and career.

I was born in Houston, TX, on December 12, 1943. My father failed the military health exam during World War II and ended up as a chemical engineer, designing gasoline refineries outside of Houston. Obviously, we needed gasoline for the war. While earning his Ph.D. degree in chemical engineering at Yale, he learned about China from the establishment of the "Yale in China" program. Prior to attending Yale University, he attended the University of Colorado, where he was very active in the Cosmopolitan Club, which I think was his first introduction to international students and international issues.

Right after World War II my father applied for a job with UNRRA [United Nations Relief and Rehabilitation Administration], the United Nations program in China. He got the job and in 1946 left for China, initially leaving his family in Boulder, CO, where we had moved. My family and I eventually followed him to China, where we lived in the small town of Shaoyang in Hunan Province, where my father was a technical adviser for what was, in effect, a Chinese Nationalist industrial and agricultural "commune" for the production of all kinds of equipment and inputs needed by farmers in the surrounding area.

That tour "wedded" my family to the international life. After that assignment, my father joined the United Nations Technical Assistance Program in Jakarta and taught many of the Indonesian students who are now the "big names" in the Indonesian Government. We lived in Jakarta from 1951-1953.

From Jakarta we moved to Burma, where my father again worked for the UN. From Burma we moved to India in the very late 1950's. This time my father was working for the Ford Foundation.

My schooling reflected this vagabond lifestyle. I really had no formal education in the elementary grades. I started kindergarten by correspondence from China. There were no schools for English-speaking students in Jakarta, so my mother started what has become the largest, international school of its kind. This school began to function in three, very hot garages. I was the first student. During other overseas assignments in Burma and in India, I took correspondence courses. After our assignment to India I managed to be accepted at Yale University, where my father, uncle, and grandfather had studied. Quite frankly, I was promptly "bounced" out of Yale. I simply didn't have the study skills and habits needed to survive that kind of disciplined approach.

At the time, like most kids, I was worrying about college, a career, and a family. I remember feeling a great sense of turmoil and uncertainty as to what I might do over the long term. I recall that, during my student years, my father thought that I might get into development administration. I didn't realize then how right he would turn out to be.

At the University of Colorado I received a B. A. degree in economics in 1965. Then I went to the University of Minnesota, where I received an M. A. degree in 1967, again in economics.

Q: You majored in economics throughout your college career?

STEPANEK: My B. A., M. A., and Ph. D. degrees were all in economics. After two years at the University of Minnesota, where I earned an M.A., I went back to the University of Colorado at Boulder, CO. I majored in economics and took minors in anthropology, sociology, and political science.

Q: Any particular aspect of economics that you were interested in?

STEPANEK: I was interested in development and agricultural economics. My undergraduate degree was in general economic studies. As luck would have it, and I seemed to have my share of luck, my professor in the course, "Principles of Economics," was Rubin Zubrow, who died recently. Alice Rivlin, Director of the Office of Management and Budget in Washington, DC, now with the Federal Reserve Bank, was also in classes under Professor Zubrow. Zubrow drew a lot of students into economics. From that point forward I majored in economics, despite years of uncertainty as to what I would actually focus on.

So my course was set. I eventually taught a course called, "Principles of Economics." I also taught this course to minority students in Colorado as well as students drawn from the general student population. That teaching experience convinced me that I wanted to teach.

Q: What did you concentrate on in your thesis in the Ph. D. program?

STEPANEK: My thesis concerned the beginning of India's "Green Revolution" under the guidance of the Indian Government in the late 1950's and the early 1960's, of course, with the involvement of USAID and the Rockefeller Foundation. I hadn't realized the degree to which I would be involved in

"Green Revolution" work later on in USAID.

Q: I suppose that the "Green Revolution" was just getting started.

STEPANEK: It was just getting started.

Q: What was the theme of your dissertation?

STEPANEK: I considered statistical data on the growth rates of new seeds and how their early successes were being shared and documented. It was very hard to obtain such data in Boulder, CO, but I managed to get enough to convince my faculty committee that I had enough to say in my dissertation so that I was awarded a Ph. D.

I survived the experience of obtaining a Ph. D. degree. It wasn't entirely pleasant but I survived, in large degree, because of my father's push over a period of a decade, which it took to get through the entire college-university program. I met my wife, Caroline at the University of Colorado. We were married in 1967 and went off to Mexico.

I was very anxious to teach because of the teaching I had done as an economics instructor at the University of Colorado. However, in 1970-1971 there simply were no teaching jobs available. I still have a file with about 30 applications for teaching jobs. There were just no jobs available.

Because of an assignment to Vietnam during the summer of 1966, the USDA [U.S. Department of Agriculture] had my name in its files and wanted to recruit me for a long-term career position. So USDA paid for my ticket back to Washington, DC, in the spring of 1971. The USDA interviewed me three times in all. This was broken up by the Vietnam War, of course. Had I accepted an assignment to Vietnam, Caroline would have had to live in Bangkok or some other, nearby post, as families were not accepted in Vietnam because of the war. I didn't see the point of programming food aid. I was a cynic then with respect to our motives in Vietnam. I've been a "worry wart" over the effectiveness of food aid ever since.

Having said that, I took advantage of the trip to Washington to look around for other jobs. I knew a little bit about USAID. I had no names to refer to and no appointments. I simply decided to walk across the Mall from my last appointment at USDA and started knocking on doors in AID. I think that this was in April or May of 1971.

I ran into Paul Eisenman, who was then the USAID desk officer for India. I remember vividly Paul saying, more to friends than to me: "T. Swayze is looking for an economist. Go see T." I found T. on the Pakistan desk of USAID. After an interview that lasted no more than four minutes T. said: "You're it." Five months went by during a federal personnel "freeze," the security checks, and all the rest of it. Then we found ourselves headed to Washington to work for USAID in a career which I hadn't been looking for.

Joined USAID Asia Bureau as economist and assigned to Bangladesh - 1971/72

It didn't take me long to realize that this was exactly what my background suggested that I would be good at. I spent a year with T. Swayze and Walter Bollinger, Ann Demscar, Herb Reese, Al White, and Don McDonald.

It was right during that period, of course, that Bangladesh was being born as a separate country. First there was a cyclone, followed by humanitarian assistance. Secretary of State Kissinger tilted towards Pakistan during Bangladesh's struggle for independence. This was followed by the establishment of an USAID program in Bangladesh, which was a successor to the previous USAID program that had been implemented in the unified country of Pakistan.

I remember vividly observing Herb Reese as he built the program. Herb considered himself the Mission Director, and quite understandably so. He assigned Tony Schwarzwaldner to be the first Mission Director in Bangladesh. Herb had his own list of favorite economists. First one, and then another, turned Herb down. Maybe they knew Dhaka and knew what a difficult place it could or would be to live and work in. On the third try another economist went out to Dhaka to look at the job. I won't mention his name, but when he was leaving Dhaka, a Bangladeshi customs official saw that he was leaving the country with brand new currency notes. Rather than turn the currency in at the bank window or hand it over to this customs official, this USAID employee tore up the currency in front of this official. At this point the USAID officer was asked to stay in a hotel for a little while until his permanent departure could be arranged.

When I heard of this third rejection of an economist, I went to Herb Reese and said: "All right, Herb, it's my turn now." Herb said: "Yes, we'll give you a chance." I think that he said something to the effect that, "You're young and don't know anything, but we'll give it a try." So off we went to Bangladesh.

To conclude this part of the story, we served five years in Bangladesh and then four years in Jakarta. For me, of course, service in Jakarta was a return, since I had been there previously with my parents. Then my wife and I spent four years in Nairobi, Kenya, where I became a Program Officer. I had given up being a Program Economist. Then I was USAID Representative and Mission Director in Tanzania for four years, followed by two years in Zambia as Mission Director. I retired from USAID just over a year ago [September 1996].

Q: OKAY, let's go back to this first assignment in Bangladesh. What was the situation when you arrived there? This was in 1972?

STEPANEK: It was in late 1972, one year after I went to work for USAID. We served in Bangladesh from 1972 to 1977. We knew that we were going to be involved in a very large, humanitarian relief effort, involving mostly food aid. We were picking up after a major cyclone and the dislocations of the struggle for Bangladeshi independence from Pakistan. Food prices were relatively high. There was a famine in 1975. There was great concern about what effect this food aid was going to have on

Bangladesh. Bangladesh was known historically as "Golden Bengal," and there were questions about why Bangladesh couldn't grow its own food, since it was supposed to be so fertile.

So we did "double duty." We administered food aid. We also began to talk to the Bangladeshis and officials from the World Bank and the International Monetary Fund about stimulating agricultural production. With the benefit of hindsight we seem to have made a contribution.

Q: What kind of projects or programs were you promoting at that time?

STEPANEK: The major projects at the time were providing food to obtain resources for budget support. We used these resources as leverage to try to stimulate agriculture and the "Green Revolution."

Q: Was this food provided under Title I of the PL 480 law?

STEPANEK: It was Title I food aid, which later became Title III assistance. There was an element of Title II food aid as well. For some time I think that we were providing assistance under all three Titles of the PL 480 law.

Title II food was used in the "Food for Work" Program. This fit in with an old tradition in East Pakistan and then Bangladesh. Title I assistance was used to serve the urban middle class. The food under this Title was sold initially at a large subsidy, but gradually those subsidies were reduced. Food prices were allowed to rise to foster the "Green Revolution" in the hands of the Bangladeshi cultivators. Along with other aid donors we helped the Bangladeshi Government to stimulate seed testing and distribution. We also helped to introduce wheat as a winter crop, which was sold in urban centers to help to moderate rice price increases.

We had a major family planning program. Joe Toner was heroic in his efforts to convince the Bangladeshis that they should be growing their own food and also limiting their numbers. In conjunction with Jack Sullivan he was also instrumental in helping to privatize the fertilizer business. So, in a nutshell, we were promoting privatization and structural adjustment long before these terms were even invented.

For various reasons the Bangladeshi Government went along, somewhat begrudgingly, with this general reorientation of the agricultural economy. The Bangladeshi Government, like many governments in Africa and in the Indian sub-continent, was a firm believer in public administration and planning, as well as state control of the economy. Then we happened along. The independence struggle took place at a period when people were starting to "re-think" this "statist" approach to development. For budgetary reasons and because of aid donor pressure, and also, I think, because Bangladesh was filled with bright civil servants, all of these forces came together at a time which allowed, stimulated, and encouraged a very major shift in their thinking.

With the benefit now of data from the mid 1990's we know that Bangladesh is approaching food grain

self sufficiency. We know that family planning is taking hold most dramatically. We know that jute fiber is no longer the sole foreign exchange earner. Other things are blossoming. So it's an exciting picture.

At the time we used to say several things, partly in jest. We knew that many of us were young and inexperienced, yet we had no choice but to work hard and to be risk takers. We commented frequently, first with Tony and then with Joe Toner, that we "looked forward to looking back," so that we would have the benefit of hindsight to see what we were really doing. We also realized that food aid would simply "grow more people." In retrospect, I think that food aid and food for development, as we coined the phrase then, helped to increase confidence that the government could, in fact, be stable, could feed its own people, and that Bangladeshi cultivators could feed the country.

So despite the fact that, during those early years, outside experts were saying, "Triage," "Hopeless, hopeless," and so on, the truth of the matter is somewhat more complex than just sheer pessimism. There is no doubt that Bangladesh faces severe problems and that the population has grown. At the time of my arrival there the population of Bangladesh was around 72 million. Now, it is almost 130 million. This is a staggering increase. However, from my point of view, it illustrates the "right mindedness" of tough policies, of market-oriented policies, and also of an USAID presence. This contribution by the American people could not have been made by flying in experts, by a "hands off" attitude, or by saying: "It's a poor country. We're going to 'dump' food aid. Why worry about it?"

Q: What were some of the things that you were specifically responsible for? So far we have been talking in general terms. What did you mostly work on?

STEPANEK: I worked as a Mission economist, so I had a hand in most of the projects and programs. However, almost all of my time and most of my energy went into the programming of food aid for development. I looked at the conditions of every agreement with Bangladesh. My colleague and I, Nizamuddin Ahmed, visited the countryside once a month for five years. We knew what the "Green Revolution" looked like up close. We talked to Bangladeshi cultivators, to tenant farmers, to laborers. We tried to learn as much as we possibly could.

Q: What was his position?

STEPANEK: He was a junior FSN [Foreign Service National] employee of the USAID Mission at the time.

Q: I understand. He was a Mission staff member.

STEPANEK: That's right. He had been wounded during the "war of liberation." USAID had hired him as a dispatcher for the Motor Pool. I asked Nizam one morning if he would mind going out to the market and collecting price data for me. He did such a good job that it was obvious to me that he was in the wrong job. So away we went, out into the countryside. Nizam was instrumental in helping the USAID Mission to understand rural agricultural Bangladesh in all of its complexities, including its vocabulary, terms and conditions of old and new seed, and all of that. That considerable early

contribution made it possible for AID and the Embassy, and then the World Bank, the International Monetary Fund, and the other aid donors, to understand the situation.

Q: Were you working with any counterparts from the Bangladeshi Government in this effort?

STEPANEK: We worked with the Ministry of Planning and the Ministry of Food. Some of those colleagues have since died. L.R. Khan was a close friend.

Q: How did you find them to work with at that time?

STEPANEK: They were a pleasure to talk to. The Bengalis are quite skilled in the verbal arts. Most of those I met were Western educated. I personally had many good conversations with them. I was dealing with technocrats, of course, who, in turn, faced their own political difficulties. So there was a lot of "to-ing and fro-ing, backsliding, and frustrations."

There was some suspicion of our motives. Just as we became concerned about corruption in food grains, they became concerned about whether they could rely on us. The Bangladeshis are terribly concerned about stability, and that meant food for the cities. Therefore, for many years the priority was food aid, more or less at any cost. At the time the Western aid donors had a lot of food aid to disburse.

Q: This was highly subsidized, I suppose, in the cities.

STEPANEK: It was, right. There were great "leakages" out of the food system. There were great incentives to steal a bag of food or a ration card, to divert a truck, or whatever.

Q: But you said that you gradually reduced the corruption. Were you involved in bringing that about?

STEPANEK: Yes, I worked on that. That was part of the "package." We worked on subsidies, first for food grains, and then for fertilizer and irrigation equipment. Much of that is now privatized, though I wouldn't say that this has been done entirely. I had a chance, when I came back to Bangladesh from home leave in the United States, to write a book about my Bangladesh experience. Herb Reese and then Joe Toner let me use my free time, such as it was, to put a book together. Pergamon Press published that book in 1979. Chapter IV of the book that I am writing now is devoted to a perspective on this period. In writing it I had the advantage of my own hindsights and my own notes. Also, a number of USAID people have published papers, and I've been able to draw on those documents as well to explain what we thought we were doing, what we think we did, and what problems Bangladesh faces today.

Q: We need to make a citation in this document so that people can refer to these papers.

STEPANEK: I'd be happy to do that. [See IFPRI studies, and documents by Daniel Atwood and

Donald McClelland.]

Q: What was your role and how did you go about trying to reduce subsidies and all of that? Did you have any particular approach to it or any procedure that you followed?

STEPANEK: On the food subsidies it was more a matter of vision than the "brass tacks" of the budget. I didn't appreciate this at the time, but when Bangladesh gained its independence, it inherited a considerable debt from the World Bank and the International Monetary Fund. This was its portion of the debt owed by a united Pakistan. Because of that debt and budget pressures the Bangladesh Government knew that it could not afford to subsidize food, clothes, fertilizers, irrigation equipment, or pesticides to any great extent. So they were under constant pressure in this regard. Every visit by missions from the World Bank or the International Monetary Fund [IMF] emphasized that pressure. The World Bank and the IMF emphasized that the Bangladeshi Government simply had to generate revenue, cut subsidies, and balance the books, if you will. This was an old story. The USAID Mission, in a sense, benefitted from that pressure. It made people in the Bangladeshi Government, who otherwise didn't care about the Bangladeshi farmers, appreciate the fact that it needed to stimulate domestic food production. It needed to make sure that purchasing power benefitted Bangladeshi cultivators instead of American cultivators.

So, quite frankly, the "conversation" with the Bangladeshi Government was really about a "dream." The introduction of new seeds promised quite clearly that yields would jump. With the new seeds it became possible to grow rice all year long and not only during the rainy monsoon season. With the new seeds it was possible to grow wheat during the dry season, using irrigation. All of these things took convincing, if you will. The Bangladeshis had inherited from their days as part of East Pakistan both a reliance on PL 480 food and a reliance on West Pakistani wheat. Both of those, in one way or another, were frightfully expensive. They involved the costs of subsidies, administration, and production. They were also politically problematic, because continuing with this system meant that, basically, the cities and towns of Bangladesh did not have to look to their own farmers to the same degree that they would have had to do, if they had had a policy of producing domestically grown food first.

To be perfectly frank with you, I don't know that I ever went through the Bangladeshi budget with Bangladeshi counterpart personnel. We worked with Bangladeshis on the details of their PL 480 agreements. We met very often with the Australians, the British, and representatives of FAO [Food and Agricultural Organization, a UN specialized agency] to talk about specific details. By specific details, I mean the language of the agreements on which we were in accord.

I know that, these days, it is important to talk about "ownership." As early as 1973 we started to discuss these self help measures with the Bangladeshis. We tried not to arrange these matters unilaterally in our own offices. We worked with the Bangladeshis. We asked for draft language. This was the kind of thing that we frequently discussed with the Bangladeshis.

The American Ambassador and the then USAID Mission Director were part and parcel of this

discussion. I remember that Joe Toner, the USAID Mission Director, chaired the first meeting ever held with representatives of the World Bank and of the International Monetary Fund about the importance of food and agriculture, and not just budgets and debt. So the World Bank became an ally in this process. It didn't take the World Bank very long to realize that Bangladesh needed to become a "bread basket." It needed to become "Golden Bengal," the traditional term for referring to Bengal's fertility in producing food, for a good reason.

So the policy of displaying "vision" worked, if you will. In other words, I didn't approach this issue as an economist, an accountant, or even as a food aid person. I basically had a "dream" which, quite frankly, I probably "stole" from other people. John Mellor was instrumental in applying this concept of a "Green Revolution." Herb Reese was magnificent in shipping out to us any expert that he could get his hands on. At the time world experts like John Mellor, Gus Ranus, Gus Papanek, and John Lewis were all curious about Bangladesh. They knew that this was a "new" country which some people were "writing off" as "hopeless." Some of them considered it a "basket case." So more or less accidentally the USAID Mission in Bangladesh benefitted from people coming through and talking about the "Green Revolution."

Q: Did you do a lot of the basic, economic analysis and calculations of the subsidies and so on? Did you provide that to the Bangladeshi Government?

STEPANEK: Yes, we did. We analyzed the cost of production of the old and new seeds and the "pay off" of the new seeds. We followed seed stocks and flows. We followed prices on a daily basis. We had charts on all of these matters. Quite honestly, our first motive was worrying about food. We knew quite well that the conversation with the Bangladeshis would "go off the rails" if there was a famine or food crisis.

I recall doing the kinds of analyses that I have just described. I don't recall personally having done any budget analyses on the subsidies, although we may have done so. I guess that I was a "practical" economist. I was looking at the stocks, flows, and opportunities presented by the "Green Revolution" as the way to tell the story, not only to the Bangladeshis but back to Washington. As you can appreciate, a lot of the battle consisted of convincing USAID, the Department of State, and particularly the U.S. Department of Agriculture that we had to scrutinize these shipments closely, to make sure that they arrived in the right amount, at the right time, and under the right conditions that would support taking a broader "vision" of the situation.

Q: Were there pressures to take on more food aid than you thought was appropriate?

STEPANEK: Very much so. But we also learned, the hard way, that sometimes the food wasn't available when we genuinely needed it. Also, during the middle of that period, Bangladesh was selling jute sacking to Cuba, which actually led to the suspension of a shipment or two of food aid. That was quite a shock, a very sobering shock to the Bangladeshi Government and, I think, to the World Bank and the International Monetary Fund, too. They realized that Uncle Sam wouldn't always "be there." In this case there were other, overriding foreign policy considerations, from the U.S. point of view.

Q: We held up shipments of the food aid as a result.

STEPANEK: That has been picked up by several publications.

Q: And the Bangladeshis stopped their shipments of jute bags to Cuba? How was this resolved?

STEPANEK: I believe that they did, or they found a transshipment point. I don't honestly know. I don't recall if the Bangladeshis simply ceased the shipments or announced a reversal of the shipments. I know that later on we resumed providing them with food aid.

Q: You talked about the Title II, the so-called "Food for Work Program." How did you find that that worked?

STEPANEK: East Pakistan had a long tradition of "shaping" its countryside to further agriculture. By that I mean digging ditches, including irrigation and drainage ditches, building small bridges, and building embankments to control its mighty rivers. All in all there was a well-established tradition of using food and cash to hire people in the off season so that there would be salaries and food available for the underemployed, poor Bangladeshis.

Several aid donors, including USAID and particularly CARE [Cooperative Association for Relief Everywhere], became involved in major programs to systematize this kind of rural infrastructure. The problem was a tough one. The administrative costs of bringing food halfway around the world to do this were obviously "sky high." Corruption and engineering were problems. Furthermore, since the 1970's the Bangladeshi Government has withdrawn some of the delegations of authority to its district and local governments to administer food aid. So the rural political system is not as "robust" as it needs to be to administer food aid well. That's one of the conclusions I come to in the new chapter on Bangladesh in my forthcoming book. The preliminary work really depends on political decentralization of authority and talent, so that the earthworks containing the rivers can be well managed by people who are knowledgeable on the ground. These efforts cannot be run out of Dhaka, the capital.

Q: You found this administratively feasible and effective that people would accept food for payment of their work, rather than cash? Was that a wise way to go?

STEPANEK: The evidence is mixed. The infrastructure was, in fact, built. However, the salary impact was not large, vis-a-vis the wages paid for planting the seed, and especially the new seeds, themselves. So rural public works were a small proportion of total, rural income. It was never that large. The nutritional impact has been debated intensely. Depending on which study you want to look at, it's either modest or negligible. All in all, this is a difficult program to justify. It continues to go forward because the need is great, particularly when people are hungry and certainly when they are starving. However, this is a "stop gap" measure at best, and a very expensive one at that.

Q: Did you go into Title II payments in cash for wages and all of that?

STEPANEK: Yes, but I don't recall the details of how much food and how much cash was provided. I know that we experimented with both. One of the beauties of the program was that we all considered it, all of the time, as a full time experiment. Very little was "proven" because the minute you had something "proven," there would be a "curve ball," and we would have a change. There would be a flood or a lack of cash and so we had to make do with food. Seldom did we have the flexibility to go back and forth easily between food and cash.

It was very tough. I've always admired CARE for being willing to administer the program for us. It was a huge job.

Q: CARE handled most of the Title II program?

STEPANEK: Yes. Again, I'm relying on my memory of more than 20 years ago.

Q: Title III assistance, which was an added element, required more stringent conditions, action by the Bangladeshi Government, and so on. How did you find that worked out?

STEPANEK: Title III assistance came along in part because of visits to Bangladesh by members of the staff of the Agriculture Committee of the U.S. House of Representatives. The Bellmon amendment arose out of the spoilage of PL 480 food which was observed by these staff members of the Agriculture Committee. We had to take great care to ensure that the food and seed stock situation did not lead to spoilage of food aid, or to a substantial price disincentive.

Title III itself was designed to "forgive" debt accrued under Title I. We saw in poor countries that this debt certainly would not be repaid. We also saw that the Title I "self help" measures were basically a "fig leaf" and were not really respected in as many cases as they should have been. I think that USAID can take some credit for having gotten the food assistance program going in Bangladesh, at a time when there was legislative "ferment" in Congress. I don't think that Title III came out of the Bangladesh experience alone, but I think that we had a very large influence on it. I recall seeing the draft legislation and having a chance to edit it myself.

It was fascinating. These staff members of the Agriculture Committee to whom I have referred were in close communication with us after their visit to Bangladesh. They saw our "view" of the situation. They saw the possibility of using food aid to help Bangladesh grow its own food. They saw that PL 480 could be used, as and when needed, to bolster that larger effort.

Title III provided "grant" food aid under our very close scrutiny. As I'm sure you're aware, the Title III programs around the world are scrutinized very closely back here in Washington. Some people would say too much so.

Later, after I left Bangladesh, I was involved in several PL 480 Title III programs. I pushed some and

canceled others that were poorly conceived, too idealistic, or what have you. I suppose that you could draw a parallel between Title III and what it enabled us to do in Bangladesh and the DFA [Development Fund for Africa] in Africa. Title III was an example of "courageous thinking" by lots of groups, at least back here in Washington, which were often at loggerheads.

Q: How large was the food aid program during the time that you were in Bangladesh? Can you remember the magnitudes?

STEPANEK: I think that the maximum amount of food aid received in Bangladesh in any one year was about 450,000 tons. Over the many years of this program our share was roughly 45 percent of all food aid. The Bangladeshis paid for a little, commercial food, but most of it was a grant from food aid donors. Without a doubt AID provided the largest amount of this kind of aid. The tonnages are available in public documents, but I don't have them at my fingertips.

Q: How did you find coordination of this assistance with other aid donors? Were there any problems?

STEPANEK: I think that, with the benefit of hindsight, there were problems in only one quarter. That was with the U.S. Agricultural Attache in Bangladesh. He was determined to sell U.S. food, and Bangladeshi interests and Bangladeshi agriculture be damned.

Q: He saw Bangladesh as a market for U.S. agricultural exports.

STEPANEK: Yes, that's right. I think that this was the one time during my career in USAID that I "lost my cool" in front of the Ambassador. It's a little surprising to say that our other aid colleagues in providing food aid became our partners. The World Bank and the International Monetary Fund had no knowledge or necessarily any experience with food aid. At the time the FAO [Food and Agricultural Organization of the UN] didn't have much experience with food aid. The World Food Program [WFP] was "learning the ropes," just as we were learning. I would say that during the period from 1973 to 1975 the Bank economists and the other aid donors all started with the same "sheet of music." Warts and all, I think that this program was an example of effective, international cooperation.

Introducing Family Planning in Bangladesh and Tanzania

Q: Regarding the family planning program in Bangladesh, I gather that what you're saying is that it began during your time there. What was involved in getting this program launched and how was it received?

STEPANEK: I don't know this as well as I know the food assistance program. Mike Jordan and Dallas Voran were staff people under Tony Schwarzwald and Joe Toner who worked hard on the family planning program. Joe is the person who, I think, deserves most of the credit for appreciating that Bangladesh could not just go on "growing more people." They had to deal with both sides of the equation of food and people. They simply had to grow more food and had to make family planning

services available.

Joe Toner did something that is more or less unheard of these days. He went on a personal campaign to the capitals of the donor assistance countries, making the case for family planning "or else." He said that donors had to be very tough minded. I recall that he went to Bonn and London, as well as one or two other capitals. I think that Joe felt very disappointed when he came back from this trip. I think that he felt that he had been out "at the end of the plank," as it were. He felt that there weren't many voices helping him along.

Q: There wasn't much reception for his support for family planning.

STEPANEK: Not at the time. Today, looking back on it, making family planning an issue as he did, in his meetings with President Zia of Bangladesh and with every senior civil servant that he could talk to made quite a difference. The Bangladeshis themselves also made a very special contribution. They developed a cadre of women family planning workers. That one step, over and above the "push" from the aid donor countries, also explains why family planning is taking hold in Bangladesh today. The "contraceptive prevalence" or use rate among married couples in Bangladesh is as high as 45 percent today. It is a remarkable achievement. Birth rates are coming down.

Q: Is the family planning program sponsored by a government ministry or were there private groups involved?

STEPANEK: There is a private element involved in this program as well. As I'm sure you're aware, most of these family planning programs are, in fact, financed by a blend of public and private resources. Probably most of the money is provided by the public sector, using public officials. There are condom sales through private mechanisms, using advertising. It is a multi-faceted approach.

Q: Was there any cultural resistance to this program that you recall?

STEPANEK: Bangladesh is a Muslim country. I recall that there was resistance. However, basically the civil service and the political leadership supported the necessity of the family planning program. I can digress from this for a moment and tell you how this was dealt with. In Tanzania Julius Nyerere called all of the church and religious leaders together to talk about family planning. They had a very low key program in Tanzania funded by the NGO's [non governmental organizations] throughout the socialist experiments in the 1960's and 1970's. They had nothing but disdain for Western family planning programs. The Tanzanian Government treated our program with great suspicion at first. President Nyerere called the religious leaders together and talked about the importance of family planning and voluntary acceptance of it. He said that Tanzania couldn't go on doubling and tripling its population. Well, the Protestant and the Catholic representatives in Tanzania stood up and, in effect, said: "Nuts to you!" The Muslim representatives also said: "Nuts! We don't believe in family planning." At the end of this meeting President Nyerere said: "I'm glad that you all agree with me. We are going ahead with family planning. Thank you very much. That's leadership.

Q: Well, we're getting off the subject a bit, but we'll come back to it. What convinced President Nyerere of the need for family planning?

STEPANEK: I can only guess. The world has changed so fast from the point of view of world leaders. In their lifetime they can see this. President Nyerere must have seen this. He was the founding father of an independent Tanzania, when the population of the country was 10 or 11 million people. Today the population is 29 million. The GNP [Gross National Product] is flat and per capita income, nutrition levels, and literacy are declining. You would have to be awfully dumb not to see that things are "out of line."

Q: Back in Bangladesh what was Joe Toner's line with the Bangladeshi leadership in trying to convince them? Were they hard to convince or was it pretty obvious to them?

STEPANEK: I think that his determined "push" behind the family planning program, year in and year out, made a difference. His argument was two-fold. One, there was a food-population problem. Secondly, Joe also drew on USAID's worldwide experience. We know about voluntary family planning. We know about family planning services. We know about counseling. There is nothing that is cohesive about it. There is nothing "mechanistic" about it. It's simply a question of making family planning services available for people who may or may not be interested. The truth of the matter is that if the men of the world would just get out of the way, it is now clear in the 1980's and 1990's that family planning is very quickly accepted, once women have a chance to make a judgment on it. This is happening in Tanzania and Zambia, and it's beginning to happen in Egypt.

Q: You talked about this women's group in Bangladesh. Was it part of a government agency or were they just on their own?

STEPANEK: I'm sorry. You may have misunderstood me. Where I'm working now, IFPRI, Nurul Islam, who was then Chairman of the Planning Commission in Bangladesh and is now here in Washington, working with the International Food Policy Research Institute, said to me, right out of the blue: "You know, Joe, the thing that made the difference is that the Bangladeshi Government decided to hire women and not men as the outreach component of the public, family planning program." So, right off the bat, you had women carrying the family planning message. You can imagine that it would be a very different story if the outreach component of the family planning program were exclusively made up of men.

Q: That's right. Was family planning linked in with general child care and the health program, or was it a separate effort?

STEPANEK: In the early years I believe that it was linked with the MCH [Maternal Child Health] program, but not with general health reform. I don't exactly know. I think that it was child-focused on family planning and general health. However, it was not specifically linked with the health sector as a whole.

Q: Was USAID in Bangladesh involved in the health sector?

STEPANEK: I believe that we are now. I don't recall that we were so involved in the Bangladeshi health sector at that time. We contributed to the health sector through the Cholera Lab. We supported the first oral rehydration experiments, and the eradication of smallpox. There are major success stories in these areas. I've talked to my friends who are involved in health matters and have urged them to start writing about it. The health stories are as exciting as some of the agricultural stories. I don't believe that they've been written up. They deserve wide, American understanding. Around the world the USAID health contribution has been dramatic.

Q: Right. There is a general presumption that Bangladesh is in perpetual crisis from floods, storms, and so on. Masses of people are wiped out. Was there any effort to try to minimize the damage of these periodic disasters? People talk about all sorts of public programs.

STEPANEK: I recall working on early warning systems and training for early warning. Our earthwork projects involved the construction of some major embankments, but I don't recall any large scale, USAID funded program. I think that there is an appreciation that Bangladesh is, in fact, frequently "on the edge" of disaster and that its ability to deal with extra high floods and storm surges out of the Bay of Bengal is quite beyond any engineering capacity.

When Bangladesh was still East Pakistan, we had tried to build shelters. I think that just after the independence of Bangladesh we built a few more shelters, so that people who lived down on the lowlands, called chars, would have a place run to in case of a high storm surge. In retrospect, I think that they were very modest contributions.

Q: I've heard that there were major efforts by the World Bank and others to develop some sort of structures that would help to minimize the flooding and so forth. I don't know whether this was a wise decision or not. Some people debate that.

STEPANEK: Yes. I was involved in a major policy debate within the USAID Mission on exactly this point. The World Bank, working with East Pakistani engineers, had designed a program of building "polders" in all of the flood-prone area of Bangladesh. That basically involved building protected islands, wherein there would be embankments to provide protection against major storms. There would be drainage and irrigation facilities provided. In other words, donors would have to design a system for flood-prone Bangladesh to protect it against floods, to provide ensured drainage, and irrigation in the dry season. When all was said and done, it became extraordinarily expensive to attempt to control Mother Nature. My philosophy was to live with Mother Nature and not to fight her. I remember distinctly that this was a hotly debated issue within the Mission. We had major discussions, and a lot of ill will was generated.

You've probably heard the names of some of the people involved in these discussions. I don't need to mention the names to you. Our Director was a diplomat and a gentleman who didn't take sides. However, he vetoed this project for what he probably considered were his own good reasons. He saw

something that I had not appreciated. That is, this kind of project of providing major protection for flood-prone areas of Bangladesh would have required a very large, American staff out in the field, implementing this project.

Q: This would have involved the construction of dikes and such things.

STEPANEK: Yes.

Q: What is the alternative? I gather that you have a different idea.

STEPANEK: The alternative is to recognize that Bangladesh is normally subject to flooding, every year. About 60 percent of the country goes under water normally, every year. In the light of that fact Bangladesh rice is either planted and harvested before the floods or some of it, the so-called "deep water rice," grows with the floods. The "deep water rice" of Bangladesh contributes a significant amount to the total food basket. In other words, Bangladeshi cultivators, over the millennia, have gradually selected "deep water rice" seed varieties, which are now new and improved, for these "deep water" situations.

Having said that, I would add that the Bangladeshi private sector has picked up where the government has allowed the decontrol of irrigation equipment. The private sector is now providing pumps for dry land agriculture during the winter. So areas that had been dry and fallow before are now producing rice, wheat, vegetables, and all kinds of other crops. That's another way of accommodating Mother Nature in Bangladesh.

Q: Were we heavily involved in agricultural education and extension programs?

STEPANEK: I don't believe so. I don't believe that we got involved in agricultural extension programs as such.

Q: How did we get involve in distributing the new varieties of seeds and introducing them to the farmers?

STEPANEK: I think that the World Bank, British aid, and one or two, other donors had a major involvement in the extension program. Quite honestly, I'm not much of a fan of public extension programs to extend improved seeds. Farmers basically copy what they know to be good practices. You don't need to convince them if you've got something to "sell." They will buy it. Bangladesh is a fairly small country, and the seed research people go everywhere, involving farmers directly.

Q: Were you involved in agricultural research efforts?

STEPANEK: Yes.

Q: In what way were you involved?

STEPANEK: There were American scientists from The International Rice Research Institute (IRRI), who conducted research, training, and seminars.

Q: Not from U.S. universities.

STEPANEK: In the 1960's we were involved in institution building for agricultural research. As part and parcel of American "land grant" support for Indian universities we supported the University of Mymensingh. I'm sorry to say that I think that that effort was a "bust." I don't know that much came of it.

The seed research center was a separate institution which had separate USAID and Ford Foundation funding.

Q: Do you know the name of the center or what it was called?

STEPANEK: It was the Bangladesh Rice Research Institute, or the BRRI. It was a sister organization to the IRRI [International Rice Research Institute at Los Banos in the Philippines]. Like everything else, I've sort of lost touch with the BRRI. I heard a comment recently that some of the senior BRRI research scientists have been "enticed away" to the international system. If this is true, it is potentially worrisome.

Q: Did we have anything in the way of educational or training programs of any kind?

STEPANEK: I don't recall. I think that we sent a few participant trainees to the U.S. in the 1970's, but I don't believe that we had a major training program, as such. We did not have curriculum reform programs for the school system or for the universities.

I think that what we did, Haven, was to spend an awful lot of dollars on food and also on fertilizers. You know, these are "big ticket" items. They really used up the money. As I recall it, family planning "commodities" also "chewed up" a lot of dollars.

Q: Do you remember what the total program amounted to? What magnitudes are we talking about?

STEPANEK: I don't remember. If you'd like me to track it down, I'll be glad to do so.

Q: The idea is to give people who read this interview some sense of the scale.

STEPANEK: The overall USAID portfolio in Bangladesh in the late 1970's approached \$1.0 billion annually in total over these early years. It was very large. Food aid was a little more than half of that. AID in project form provided about \$200 million a year.

Q: That was a very substantial program.

STEPANEK: Yes, it was.

Q: We were the biggest aid donor, apart from the World Bank?

STEPANEK: We were the biggest, bilateral aid donor. Right, including both dollars and food aid, as I recall.

Q: On the fertilizer side, were you also involved in the privatization effort? How did you go about that process and make it work?

STEPANEK: Dean Alter was the staff person who led the way in this direction. We did it in much the same way that we handled the introduction of wheat to stabilize urban prices. We agreed with the Bangladeshi Government to try this out, on a pilot basis. So we agreed to the "private sale" of fertilizer in a few, selected districts, just to see if it would work. We didn't pretend that we knew it would work. We just said: "Let's give it a whirl."

The Bangladeshi Government sensed that the fertilizer administration and the fertilizer subsidy were bankrupting the civil service and the budget.

We worked hard with people from "Muscle Shoals," Alabama, who were brought out to Bangladesh by USAID. They were instrumental in convincing the Bangladeshis on the basis of their worldwide experience that it would work. It has faced problems, just as the public distribution of fertilizer in Kenya has faced problems. You know, the vested interests and sometimes the military get involved. I think that there were some "reversals" in the 1980's. I believe that that has now been sorted out.

Q: Were private companies formed, and so on?

STEPANEK: There were dozens and dozens of them established.

Q: I mean, private sales companies, not companies processing fertilizer.

STEPANEK: There is a parastatal fertilizer producing company in Bangladesh which we helped to finance and build, using locally produced, natural gas. It was done in part with our money, but the World Bank was in the lead on this project.

Regarding fertilizer privatization, we tried this at the retail level first. From that point we worked toward the wholesale level and to importation. It was a gradual process. In retrospect, Haven, I think that that kind of incrementalism is terribly important. That is, the willingness to say: "We don't know for sure if this is the right path, but let's try and experiment." That is, the willingness to start small, to reverse course if you make a mistake, and the willingness to go on pushing if it looks as if it is working.

I think that we learned an awful lot about the concept of structural adjustment in the government administration of Bangladesh two decades before it became popular, say, in Africa.

Q: So you persisted in trying out an idea and kept it going long enough to be really sure that it was a good one. But then you imply that the climate was right, that there was a government which sufficiently recognized the importance of allowing this to go ahead or even to experiment. This is a situation which you do not often have in some countries?

STEPANEK: Yes. One of the things that I concluded, as I said, in Chapter IV of my forthcoming book is that the Bangladeshis had to make this "vision" their own. Otherwise, this program would not have gone forward. There is a certain role for a "push" from the aid donors, and there is a certain role for a unilateral kind of donor "push." However, after a certain point the national government has to feel either that the program is theirs or is not theirs.

Q: Were there any particular techniques that you used to persuade the Bangladeshis to feel this kind of "ownership" of an idea?

STEPANEK: We used every trick in the book. We cajoled and lectured them, traveled together, drank together, visited the field together, looked at evidence from other countries, sent them on trips to other countries, and used every possible device, including setting conditions on our aid.

Q: Did you find that that worked?

STEPANEK: In this particular case I think that it was part of the jigsaw puzzle. It's one of those "tricky" situations. They know and you know that you're not going to cut off aid and go home. So you know that you have to negotiate carefully and convincingly.

Q: By the way in connection with the food aid program there used to be very substantial conditions and precise requirements, as I recall. You had all of that to contend with?

STEPANEK: Yes, the conditions were difficult. I recall vividly that occasionally a cable would come back from USAID in Washington or from the Department of Agriculture that said: "Well, that's not good enough. Stiffen it." This was all very well and good, but in some cases we had spent months negotiating particular language covering an agreement with the Bangladeshis. We then found it extraordinarily difficult to go back at the eleventh hour to the Bangladeshis and say: "Sorry, but Washington tells us that this language is not good enough." So there was both a risk of being too "gentle" and a risk of being too "tough."

Q: Is there anything else that you'd like to mention about your Bangladeshi experience you want to refer to at this point? You can always add it later on.

STEPANEK: This assignment to Bangladesh taught me a great deal. For myself and my family it was a wonderful first posting. It was extraordinarily demanding, but we didn't seem to realize that. We just

did our job.

Q: Did you have much contact with the Embassy, apart from the Agricultural Attache?

STEPANEK: We did. The Economic Officer, Don Born, in the Embassy was a "friend in court." I spent a lot of time working with him. As I recall, the Ambassador and the DCM [Deputy Chief of Mission] were helpful. I saw some of the political reporting. My views were often asked by Embassy officers. There were the usual tensions and strains with the Embassy but, by and large, we functioned as a team.

Q: Apart from the jute bags being shipped to Cuba, were there other instances where U.S. political and security interests were overriding or undercutting what you were trying to do?

STEPANEK: The jute story is the one little "crisis" that we had. The other, general or generic problem was that the USDA [U.S. Department of Agriculture] was rather late in "getting on board" with respect to the purpose of Title III of PL 480. They were very happy with Title I transactions. They could sell commodities under Title I wherever they could sell them. Title III transactions were another matter and that situation was aggravating.

Q: But on the State Department side, the political side, what were our interests in that part of the world?

STEPANEK: I don't recall. As we all know, Bangladesh was not on the "front burner" of American foreign policy interests. The period of which I am speaking was the height of the Cold War. We were still in Vietnam, and our interests were elsewhere. I think that the senior level in the State Department felt that Bangladesh was part of India. India was to be "brought along" gradually, but our "ally," so to speak, was Pakistan. So for several reasons Bangladesh was not high on the foreign policy agenda.

Q: Regarding relations between India and Bangladesh, were we involved in any of that?

STEPANEK: I wasn't involved directly, but there were simmering tensions, particularly over water. There was the issue of the Farraka Barrage, a well known "flash point" between India and Bangladesh which has been resolved only recently. There was food smuggling across the border, of course, as well as migration issues. Several factors led to tensions between the two countries. There were no large crises that I recall.

Q: Unless there's something else that you want to add to your recollections of your Bangladesh assignment at this point...

STEPANEK: I guess that I'm a little embarrassed that my recollections are so vague. I should have more of these numbers at my fingertips.

Q: That's not unusual. Well, you finished up in Bangladesh in what year?

Return to Washington to the USAID Policy Bureau - 1977

STEPANEK: It was in the summer of 1977. I came back to USAID Washington to work for the PPC [Policy and Program Coordination Bureau].

Q: What was your position in PPC?

STEPANEK: The position title placed it within the Rural Development Division, under Doug Caton. The Rural Development Division itself was first under Ed Hogan and then John Eriksson, I believe. In fact, I worked as a Title III "wallah" [expert], more or less directly for Alex Shakow. Interestingly enough, I had a wonderful experience during this assignment. Tony Schwarzwaldler suggested to Dr Peter Bourne, who was on the White House staff, that I would be a good candidate to work on the White House World Hunger Working Group.

So, during a long and very wet winter [1977-1978] I traipsed over to the Old Executive Office Building to work as part of that team.

Q: What were you trying to do?

STEPANEK: Trying to solve world hunger.

Q: I see.

STEPANEK: That, of course, brought me face to face with Kay Bitterman, who at the time was head of the Food for Peace office, and with all the powers that be from USAID, USDA, and the White House. It was a very, very interesting experience.

Q: What was the result of that work?

STEPANEK: Not a thing, but we had a good time discussing the matter and, I think, we said the right things.

Q: What were you trying to do?

STEPANEK: What we tried to do was to mobilize the federal bureaucracy to do a better job of things that we were all supposed to be doing. In other words, helping the poorer world get on its feet. We all know why that kind of thing doesn't work all of that easily. It did not result in a report that recommended more food aid, more largesse, more CARE [Cooperative Association for Relief Everywhere] packages, or what have you. I think that this team was a good one.

Q: Was this all covered in the report?

STEPANEK: It was.

Q: What was recommended in the report?

STEPANEK: It recommended that we not set up a World Hunger Commission, which, of course, President Carter did. So there was a Commission, with Commission members. They also issued a report, which also yielded nothing. I don't think that anything came out of any of this. As we all know, President Carter was quite an idealist who felt that, with enough good will, he could solve any problem. So we turned to doing that.

As a young man from USAID, fresh from the field in Bangladesh, of course, I felt that I had all the answers and so I had a great time learning that I didn't have a "clue."

Q: The politics were considerable in that connection?

STEPANEK: The politics were considerable and, despite the disappointments on that side, I think that Alex Shakow and I, as well as others, were instrumental in putting Title III of the PL 480 law firmly in place and firmly on the side of development. That was a lasting contribution. At the end of that period Title III and all that it represented were firmly rooted in the government bureaucracies. So I think that in that sense my personal role and other people's work yielded the kinds of results that they were supposed to yield.

Q: Did you work with the Interagency Food Aid Committee, which made all of the decisions on food allocations and all of that?

STEPANEK: I was involved with that some of the time.

Q: That was an unusual phenomenon, I guess.

STEPANEK: That's right. I don't think that I was a regular member of the Committee but I went to many of its meetings.

Q: How did you find it worked?

STEPANEK: It did work. Sometimes we, as a Committee, were too demanding about the self help provisions. However, I think that, all in all, the Committee people listened to reason. One of the things that Alex Shakow was able to do was to keep the State Department representatives from being too "political" with respect to PL 480 agreements.

I had a fascinating experience. Vice President Mondale, who served under President Carter, had promised a Title III program to the Indonesians. I was asked to go out to Indonesia with Harry Petraquin to negotiate a Title III agreement. We realized that the Title III program would be small, cumbersome, and, quite frankly, "demeaning." I went back to Washington and said this to Alex

Shakow, who agreed with me. We decided not to go ahead with the Title III program and, in essence, break the promise that had been made to the Indonesians.

I'll never forget a meeting between Alex Shakow and some officials from the State Department. They looked down their noses at Alex and said: "Well, we're going to have to take this matter to the White House." Alex said: "Go to it." That was the last that we ever heard of it!

Alex was instrumental in "cleaning the lines up" between Title I, Title II, and Title III of the PL 480 legislation which had different, express purposes. Not that the law was perfect, but clarifying its provisions was a step in the right direction.

Q: I imagine that the Treasury and OMB [Office of Management and Budget] had an influence on certain uses of the PL 480 law. I suppose that they were all heavily involved.

STEPANEK: I believe so. Yes, they were. OMB was usually the quickest to take the developmental point of view, which, more often than not, was very helpful to us in USAID.

Q: What was Treasury's role?

STEPANEK: Kind of passive, as I recall, in those cases. This was before the period of "structural adjustment," and I was not directly involved in getting Treasury approval of World Bank and International Monetary Fund agreements.

Q: Was Treasury a member of the food aid committee?

STEPANEK: I don't recall. They may have been involved, but I don't remember. One of the things that I did, maybe wrongly, when I retired and came to Washington and started working on my book, was to throw out all of my files after just a cursory look, and almost everything that related to my professional life in USAID.

OMB was quite an ally. Ruth Greenstein was an activist as well. She was the one who came to the regular meetings of the food committee and was very supportive. In retrospect, I guess that that was a special era.

Q: They were fishing very hard on "conditionality" and the various requirements.

STEPANEK: That's right.

Q: And programming in local currency half of the time, and all of that.

STEPANEK: That's right. This put Alex Shakow and me in the position of being the "compromisers." This made it easier for us to do what we really wanted to do. That is, to have people "balancing" each other. Otherwise, it was too much of a "one way" street in dumping food aid. The State Department

approach is that they didn't care what it looked like as long as the numbers added up large enough to keep our friends happy in various foreign countries.

Q: Was there any special commodity pressure from USDA [U.S. Department of Agriculture], saying that "We want to 'push' wheat over rice or rice over wheat"?

STEPANEK: Yes, that was part of the equation. Occasionally, there would be pressure about other kinds of commodities, like oil. We got a "bum deal" in Bangladesh when we imported low quality cotton that was filled with dirt. Of course, USDA said: "That is not our responsibility. It's the responsibility of the Bangladeshis."

There was probably an "ugly story" there some place. Possibly the Bangladeshis had accepted low quality cotton in exchange for a "kickback." I recall a story that somebody was "paid off" with a paper bag full of money, and the Bangladeshis used the money to buy their Embassy here in Washington. There was something like that, but I don't know who is to blame.

Q: What were your other functions in that role, in PPC?

STEPANEK: I tried to write a food aid policy paper, with the full blessing of Doug Caton and Alex Shakow. I got clearance from everybody, except for Charley Palillo. Charley didn't believe that a policy of any kind could help poor people. So he "sat" on this paper for two years. After I left USAID, Don McClellan was instrumental in getting that paper out as an official USAID policy statement.

Q: What was the thrust of that paper?

STEPANEK: It was the Bangladesh story, just written up generically. The idea was that it was possible and even desirable to use food aid to help countries grow their own food.

Q: Do you think that the Bangladesh experience was transferrable to other countries, by and large?

STEPANEK: Well, that the agricultural situation should be market based. There should be a set of prices for cultivators. Inputs should be supplied through market channels. You have to respect the necessity of a food security system because governments are responsible for handling that, in some ways, even though households and markets can help you greatly in times of crisis. It is possible to use American resources to foster those objectives.

I used the whole paradigm of "food for development" as a way of describing it in shorthand terms.

Q: Of course, there were a lot of critics saying that, in fact, food aid was a "disincentive" in a lot of situations. It tended to "flood the market" and undercut...

STEPANEK: That's very true.

Q: Then how does one prevent that situation from developing?

STEPANEK: The mechanical way to watch it was just the timing and amounts of the shipments of food aid. So, generally speaking, food would arrive when market prices started to move upwards, well after the end of the harvest. Thus, governments could use food arrivals to sell and keep the prices of food from reaching a temporary "spike" and therefore causing more people to be impoverished.

The intellectual argument is a simple one. Applying it in practice is often "tough," if only because a ship tends to arrive when prices are "soft" and stocks of food are high, rather than the other way around. At least in concept this idea is something that's worth pushing for.

Q: But it requires a careful, management process.

STEPANEK: It does. It takes courage to try to turn ships "on and off" as the situation warrants. I'm sure that you're aware that many countries can grow food in less time than it takes to access, order, and deliver American food. This is another reason why these kinds of things tend to be "cyclical" rather than "contra-cyclical." This is a great source of frustration.

Q: Any other dimensions you want to mention during your PPC assignment?

STEPANEK: I had several TDYs [Temporary Duty] on Title III issues. I went to Khartoum [Sudan], Mogadishu [Somalia], and Jakarta [Indonesia], which I have already mentioned. These were all very interesting experiences. I worked on rural development issues for Doug Caton and others.

Q: What were the issues in particular that were pressing at that point? Was that the period before rural development issues became controversial to any extent?

STEPANEK: No. If there were, Haven, I just don't recall them. Doug Caton was very generous in letting me work more or less full time for Alex Shakow and for the World Hunger Working Group. I was there for two years. The TDY period on Title III issues led to a job offer from Walter Bollinger and Tom Niblock to work in the USAID Mission in Indonesia, much to my complete amazement. I had "trashed" the promise from Vice President Mondale to the Indonesians. Then I was invited back to serve in Indonesia. You know Tom Niblock better than I do. You can imagine that that was somewhat of a surprise.

Q: How did you find USAID at the time, before we go back to discussing your going overseas again? What was your perception of the agency at that time?

STEPANEK: My recollection is that we were going through that day's version of "re-engineering." There was a lot of turmoil and debate. Doug Caton was full of this discussion. That's all that he could talk about. Others talked a lot about it, but I don't recall what the issues were at the time.

Q: Who was the USAID Administrator then?

STEPANEK: Let's see. Parker had left. Gilligan was just coming in, I guess.

Q: Did you have many dealings with the USAID Administrator?

STEPANEK: No. I met him once or twice. They knew of me and of my work, which was gratifying, but...

Q: You didn't get involved in anything?

STEPANEK: No, I don't recall.

Q: Then you were only in PPC for two years, is that right?

STEPANEK: Yes.

Q: Then you went to Indonesia in 1979

Assignment in Indonesia as mission economist - 1979

STEPANEK: In 1979. I told Walter Bollinger that because of my experience in USAID in Bangladesh I had decided that I was not going to work for USAID Program Officers.

Q: Why was that?

STEPANEK: Well, because I found them to be arbitrary and "territorial." I just felt that life was too short to waste time fighting with these fellows. I explained to Walter Bollinger that I'd be happy to come to Jakarta, provided I could answer to him as a Mission Economist and not be under the Program Office. Again, much to my surprise, Walter said: "Yes." So it worked out fairly well. I got "cross wise" with Tom Niblock on a couple of issues.

Q: Bollinger was the Deputy Mission Director, and Tom Niblock was the Mission Director?

STEPANEK: Yes, that's right. That was a whole different kettle of fish because Indonesia is very much its own empire, in charge of its own house. It is very powerful and an amazing country to serve in.

Q: What was the situation that you saw when you arrived there?

STEPANEK: Indonesia was becoming very important. The scale of the wealth that was beginning to flow into the country was impressive. Indonesia was struggling with the beginnings of its social programs, provincial planning, rural credit, family planning, irrigation, and various kinds of "devolution" issues. In the case of Indonesia "devolution" is not quite the right word because it is very tightly controlled by the central government's civil service, as well as the military. Nonetheless, the

process involved "devolution" from their point of view.

I got involved in programs to evaluate irrigation and rural development programs, and health. The health people in the USAID Mission liked my support. We developed a "Development Studies Program" which, I think, was a very fine idea whose time had come. Mainly, the idea was to give resources to Indonesian technocrats so that they could figure out their own programs and hire foreign and Indonesian experts to help them study the problems. It was a nice breath of fresh air.

The highlight for me about Indonesia came out surprisingly. I think that, as a Mission Economist, I was slowly realizing that I was "right" but "irrelevant." I got kind of fed up. As a consequence of that feeling of being in "limbo," a couple of things happened. Number one, I wrote to Ray Love, who was then, I think, your immediate successor (Deputy Assistant Administrator, Africa Bureau).

Q: Successor, yes.

STEPANEK: Also, Bill Fuller showed up as Mission Director in Indonesia. For reasons that aren't at all clear to me, they decided to use me as an "in house" management consultant. I was assigned to decide how to understand and "get on top of" this unwieldy USAID Mission.

Q: Why was it unwieldy? What was this about?

STEPANEK: Because there were about 55 "direct hire" American personnel. Each division was a bit of an empire of its own. Bill Fuller sensed that right away. He went through an exhaustive review of the entire portfolio of USAID projects. I think that he felt, early on, that some of them were "rubbish," and he had a very hard time controlling it.

So, first because of Bill Fuller, I realized that I really liked to handle management issues. I had never thought about this kind of a job before. I had grown up in USAID, hating Program Officers, and I swore that I had no use for any of them. Because of Bill Fuller and his driving energy and the kinds of questions that he threw at me, I was instrumental in getting the Development Studies Program going and this internal review process, where I acted as a sort of side kick to Bill, dealing with a range of management questions which I had sensed but had never really thought about rigorously.

Then, in answer to my letter to Ray Love, he called me on the telephone one fine night and said: "Joe, here's a scope of work." I said: "That's a very exciting scope of work. What's the position?" He said: "Well, it's as Program Officer." I said something like: "Over my dead body!" And then we agreed. Ray said: "You know, you take the job and write your own scope memorandum." I said: "I'll do that, provided that I don't have to be a Program Officer." Ray said: "Fine, I don't care what you call it."

So I became a Program Officer in Nairobi [Kenya]. This meant, primarily, responsibility for the ESF [Economic Support Funds] program.

Q: Let's first make sure that we've finished with Indonesia before we go too fast.

STEPANEK: That's fine.

Q: What were some of the dimensions of the program area in Indonesia that you felt were effective?

STEPANEK: Well, at the risk of arguing with Tom Niblock, I think that much of it was effective. Tom pushed rural electrification and irrigation very hard. I think that we were doing some small roads projects. In retrospect, a lot of that was probably useful to have in place as Indonesia sensed its own increasing wealth.

This was a time when there was a major debate going on among the Indonesian intellectuals about whether there was any "trickle down" taking place and whether poor Indonesians were benefitting from all of this "macro" stuff. I recall being sympathetic to critics, but also appreciating the fact that something was going on that we didn't understand. Today, we now realize that the Indonesians have "knocked the hell" out of their poverty rate. Family planning is working very well. The Green Revolution is working very well. Poverty is being reduced very sharply. It was a remarkable performance on the economic side of the house, apart from what one may feel about Indonesian "democracy."

Q: How do you account for this?

STEPANEK: Well, I think that it's real, in the sense that the Indonesian Government planned a very deliberate "trickle down" process that turned into a flood. They paid attention to the Green Revolution. They paid attention to the family planning program. For the past 26 years President Soeharto has directed his cabinet, every week, to pay attention to family planning. It's as simple as that.

Q: That's a major accomplishment.

STEPANEK: You're exactly right. Behind the scenes, we worked hard on family planning, we contributed to health, we contributed, indirectly to seed research and to irrigation and to the devolution of provincial authority to locally directed public works projects. I don't think that very much has come of that last subject. The rest of it was timely, in the sense that the ideas were shared with the Indonesian bureaucracy. Pilot projects were tried out just as all of the money started to become available to the Indonesians from their own resources.

We put all of this together, and Indonesians, for their own good reasons, fully realized that the benefits of development had to be shared. And it was shared. There are no two ways about it. That is not to say that they could not have done it in a different way, that they could not have tried a little democracy, and so forth. Nevertheless, you look at the Indonesian performance, compared to other countries, and Indonesia, without a doubt, has an impressive record. You always have to say: "So far."

Q: Were we still training large numbers of Indonesians at that time in the U.S.?

STEPANEK: Yes, we were training Indonesians in the U.S. under three of the project portfolios at this time. I don't recall a major scholarship program, but there must have been one. I don't recall our focusing our energies on a training program, although I know that many, many Indonesians had been trained in the U.S. I knew this personally because my father had been UN technical trainer for many of these people who have since become senior civil servants in Indonesia. So when I returned to Jakarta, I knew these people personally. These were "family names" in our household. People like Widjojo, Mohammed Saidli, Suryo Sediono, and many others were part of my upbringing.

Q: Did you meet with these people after you went to Jakarta with USAID?

STEPANEK: I did.

Q: Did you establish rapport with them and all of that?

STEPANEK: Yes, I did. I would be the first to say that I was not playing a major role in contacts with them. The World Bank and the International Monetary Fund were heavily involved in Jakarta. We in the USAID Mission were by no means a major donor of aid.

Q: At that time was there an economic advisory team from Harvard?

STEPANEK: Yes, they were in the woodwork, both for planning and for food.

Q: My understanding is that they were fairly instrumental in connection with some of the economic policies adopted by Indonesia. Were you associated with them at all?

STEPANEK: Yes. We chatted with them now and then, but I won't claim to have been an "equal" or to have been involved in the deliberations they had with the Indonesians. In that sense I would be the first to say that that part of my job was a disappointment. Either I wasn't up to it or I didn't get my Ph. D. from Harvard, so forget it. For whatever reason I didn't get very far with them.

I tried to follow the macroeconomic scene. I talked to officials from the World Bank and particularly from the International Monetary Fund. The man from the Fund was a personal friend of mine. In fact, there were two or three of them whom I knew fairly well. So I followed these macroeconomic issues pretty closely and reported on them. However, I won't say that I was an "activist" in this area. I suppose that this led to some of my frustration. Here I was, second generation in Jakarta and knew all of these people. However, I was not involved with them, for various reasons. I was changing gears, quite frankly, from being an economist to being a manager, without really appreciating that my interests were changing.

Q: How were the Indonesians to work with at that time?

STEPANEK: Well, I learned from my Title III experience that they worked well. At the time that I was in Jakarta on TDY [Temporary Duty], working on a possible Title III agreement with Indonesia,

they appreciated my candor. You see, without my having permission to do so, what I did was to lay out all of the requirements that would be leveled on the Indonesians regarding a Title III agreement, as I had worked them out in connection with Harry Petraquin. I didn't say, "You guys would be 'dumb' to take this." I simply said that these are Washington requirements. They could see for themselves, thanks to my friendly candor, that this was just a good deal more than some "lousy promise." This was a potential millstone around their neck.

When I was later assigned to the USAID Mission in Jakarta, some of them remembered that and me.

Q: What was their reaction to it?

STEPANEK: Eventually, they decided that they didn't want to have anything to do with this proposed Title III agreement.

Q: So they rejected this proposed Title III agreement?

STEPANEK: They didn't have to. We ended the discussions and saved them the trouble of rejecting it. They would probably have taken the agreement to "save face," but it would not have served their interests.

Q: Did they really need this Title III agreement?

STEPANEK: No, of course not.

Q: Did the argument have an influence on whether to have an aid program there at that time?

STEPANEK: Yes, it was part of the debate, which also concerned the size of the USAID Mission and its traditional character. We weren't being sufficiently "innovative." U.S.-Indonesian relations were very important for all kinds of other reasons, not the least of which were scientific R&D [Research and Development] and military relationships. The issue of East Timor came up. The Kennedy era flights came up. All kinds of issues came up. I left Indonesia, feeling that our interests in Indonesia were very large and that our aid program was a "side show." I did not recommend a large aid program because the relationship was so important. I just felt that the relationship was sufficiently diverse and sophisticated that we should certainly recognize that and use other tools. Indonesia is an important country. It sees itself as a kind of "empire."

Q: By implication our aid program in Indonesia became decreasingly relevant in that kind of environment?

STEPANEK: I think that it became less relevant, particularly in the light of their own resources.

Q: Was there a different formulation for a program or was the idea just not to have an aid program?

STEPANEK: Maybe I'm exaggerating this. A lot of things that I did in PPC [Program Office] in Washington, Haven, is that I got involved in a lot of the discussions and am mixing my viewpoints in different jobs now. There was this ongoing, informal discussion about other ways of maintaining a U.S. presence in foreign countries. I remember being involved in that discussion throughout most of my career in USAID.

Jakarta was a very good example for this. Why build roads and ditches and promote family planning for the Indonesians, when they are fully capable of funding things whose value has been proven? Why not just focus on technical assistance and on joint experimentation, for instance? I still believe that and I still think that it represents a very fine, middle income strategy. Whether services are provided on a grant basis or "fee or services" should be determined on a case by case basis. However, I think that there is still a very large role for USAID in middle income, developing countries.

Transferred to USAID/Kenya - 1983

Q: We'll come back to that in a larger context. Well, we move on from there to Nairobi, [Kenya], where you were Program Officer despite your reservations. Where were you Program Officer?

STEPANEK: In the bilateral mission in Kenya, I worked under Allison Herrick, then Charles Gladson, and then Steve Sinding. All three of them continued my education. I learned a lot from all three. I also learned that ESF can be a very troubling program to run. I worked first with Dick Greene, and then with Kurt Toh. I had a fine office of people working under me. I had very good secretaries. The program analyst assigned to my office was marvelous. I had a marvelous program economist and a very good Deputy Program Officer, so I walked into a situation that was "robust" and remained that way during my four years in Kenya.

Q: During those four years what kind of program strategy were you trying to encourage?

STEPANEK: It involved negotiations of policies agreed to under the base rights agreements, for which ESF was the funding mechanism. I spent most of my time worrying about "leverage" and the "conditionality" of base rights - ESF - agreements, which were renegotiated annually. We also worked on a Title I agreement under the PL 480 legislation. I was involved to some extent on other subjects.

Q: What kind of "conditionality" did you seek to promote?

STEPANEK: Under ESF there was an agreement to "liberalize" the economy, which involved liberalizing the foreign exchange system and grain marketing. As best as I can remember, we accomplished nothing.

Q: Why was that?

STEPANEK: Because the Kenyans had already contributed their share of the ESF agreement, namely,

access rights. They didn't feel like contributing a second time. I can't say that I blame them for that. They knew it, and we knew it, but we were much too idealistic to admit it.

There was a very famous "showdown" when Peter McPherson [USAID Administrator] visited Nairobi to review progress made under the ESF. We had briefed Peter McPherson well. Little did I realize that that was a mistake! Halfway through the meeting with senior Kenyan officials, Peter "blew his stack," slammed his hand on the table, stood up, and said, "I've got to catch a plane."

Q: Because he was not getting anywhere with the Kenyans?

STEPANEK: That's right. They were "backsliding," they were "hemming and hawing," and they had no intention of letting go of state controls on the Kenyan economy. Even today the Kenyan economy is still pretty tightly controlled. Kenya knows that it's an attractive investment haven in Africa. It's a very attractive tourist center. Aid donors love being there. The Embassy has at least 300 people assigned. So it's one of those problems.

Q: And despite that we continue to provide assistance? This didn't affect our support for Kenya?

STEPANEK: Yes, that particular program came to an end. Following the hostage crisis with Iran and the seizure of our Embassy in Tehran, the U.S. military decided - years later - that they really didn't need Kenya any more. The State Department, not surprisingly, became the proponent of the ESF program. However, I think that even the Embassy people would have to admit that it didn't amount to much.

Over the past five or six years the AID program has been caught up in the debate about democracy, pluralism, and so forth. So the program is smaller, staffs are down, the ESF program has since been ended. I believe that it has come to an end.

Q: What was ESF mostly used for?

STEPANEK: It was used for fertilizer and the procurement of replacement parts for American made machinery. We set up an elaborate, administrative program to run the CIP [Commodity Import Program], in spite of other problems. Again, we were building "barnacles upon barnacles" for what should have been an open trade system.

Q: Why was this? Was it because of the Kenyan situation in general?

STEPANEK: It also was tied to USAID. We had to police the program to insure that there were competitive bids, quality controls, and sole source procurement. It was a good example of how not to conduct an aid program. There was a rural enterprise program which was fine in concept, but it proved to be a nightmare, bureaucratically. I'm not sure that it ever did get going.

Q: Why was it a nightmare?

STEPANEK: There were committees on committees, complicated rules and regulations, oversight arrangements and approvals, return flows of moneys, and all of those aspects. It was so complicated that very few people in the USAID Mission ever understood what it was about.

On the "good news" side we set up an umbrella organization for NGO's [Non Governmental Organizations]. I think that it was one of the first in the world. We were able to provide a lot of money outside the grip of government. We tried to get a scholarship program going, but I don't think that it was ever launched.

This was a period, though, following on Bangladesh and Indonesia, when Gary Merritt and others, with Steve Sinding's support of course, got a very major family planning program going. I think that that's still working well, though I may be wrong. We also supported Edgerton College agricultural graduates.

Q: Was this a time when it was "embarrassing" to move into an institution at the university level? Was there ever an issue about that?

STEPANEK: Yes. We were mostly arguing about winding down our program and getting out of Kenya. Then we decided that we didn't have the courage to do that. We weren't about to take our "flag" out of Edgerton College and allow the Japanese to raise theirs. So it remained AID-funded. David Lumberg was intimately involved in it. I was a critic of this program but was on his side on other issues.

Q: How did you find Edgerton College as an institution?

STEPANEK: It's impressive to see. I believe that there are many graduates of it who hold very good jobs. So I guess that, under conditions of state control, Edgerton graduates are fairly well used in the public and private sector.

Q: Did you travel much around Kenya?

STEPANEK: Yes, I did. A little bit on business but, quite honestly, mostly for pleasure. My family and I went camping very frequently. We enjoyed that immensely. We didn't see all of Kenya but we saw a good part of it.

Q: How did you find the rural communities that you were able to observe?

STEPANEK: I did not get to know rural Kenya, face to face, the way I felt I knew Bangladesh. I think that, as Program Officer, I felt sort of removed from the country a bit. Honestly, I don't remember very many business trips. I like developmental tourism. I think that I'm about the only USAID employee who's ever taken his family on R&R [Rest and Relaxation] to Djibouti. I used my R&R time to go and see USAID Missions in other countries because I was very interested in the forms

of aid programs around the world.

However, much of my time in Nairobi was disappointing. I spent an awful lot of time with the Kenyan Minister of Planning, who became a well respected friend. However, he was caught, just as the aid donors were caught...

Q: In the whole political situation? Was there any corruption at that time?

STEPANEK: Yes, very much so. The Kenyan Government was, in fact, using our foreign exchange administrative system, set up at our expense, to "skim" margins on foreign exchange. We never had the guts to stop these practices.

Q: What about the aid donor community? Did you work with them very much?

STEPANEK: Less so. That was a period when I remember going to meetings, but I don't know that much was accomplished. I don't feel that I took issues to be discussed in the donor forum or paid much attention to it.

Q: Were you involved in any of the Consultative Group meetings?

STEPANEK: I was.

Q: How did you find that function?

STEPANEK: It was pretty routine and predictable. Promises were made, and reports were prepared and read. It was a period in the history of Kenya's relationship with aid donors before things started coming to a head. Things were "bubbling." You could sort of see issues coming. People predicted that a showdown would come. It was before the era of the presidential jet or the president's skyscraper in Kenya. It was during the period of the Airbus "deal" and corruption and the building of Karkana Dam, involving great cost and a lot of corruption. It was a period of wildlife "poaching." However, it was also a period when there was a tourist "boom." It was a period when Nairobi was still known as a pleasant place to walk around in, but those days were clearly coming to an end. It was a period when we started to plan the office "move" to new quarters. This covered the period from 1983 to 1987.

Q: There was a REDSO [Regional Economic Development Service Office] in town at the same time. Did you have any dealings with them?

STEPANEK: Yes, I did.

Q: How did they work out?

STEPANEK: Oh, they were sort of professional friendships, or maybe it was just my engaging nature.

I'm not sure. However, I thank my lucky stars that I said nice things to all of them because when I became Mission Director later, it paid dividends every which way I turned. I was very fortunate. I worked with the FSN's [Foreign Service National, or national employees of the Mission] well and with the American staff. Although I did not appreciate it at the time, that paid dividends for four years in Tanzania and two years in Zambia.

Q: Did the USAID Mission in Kenya use the REDSO very much?

STEPANEK: As Program Officer I didn't have much to do with the REDSO. I think that our technical people did. I didn't see that much of them. I spent a lot of time with the Embassy and particularly with Embassy Economic Officers, dealing with "conditionality" and reporting on the macroeconomic situation. I helped to brief people coming through Kenya. I passed judgment on projects which were either "cooked" or "not cooked."

I'll never forget a very important meeting with Chuck Gladson. Chuck swore up and down that it was just a preliminary meeting to another meeting at which a decision would then be made on a given issue. After the meeting I said to Chuck: "Well, you did a nice job of approving that one." He got really angry with me for saying that. Six months later he came into my office and said: "Joe, you were right." The program had been approved, although nobody said so.

I think that one of the things that drove me away from being an economist is that I gradually started to gain a sense that there were bureaucratic "games" going on which acquired their own momentum. I learned how these systems really worked. You think that you're in "control," but you're not. It was very frustrating. I grew to be very fond of Chuck Gladson. Allison Herrick was a bit distant at first; the warmth and the stories come later. I worked closely with her and learned about over control. Chuck was just a different kind of character. First of all, he is a lawyer, a golfer, a smoker, and a Republican. I thought that, clearly, I had nothing in common with this guy and I might as well pack my bags. Well, it turned out to be completely the other way around. We talked a lot. We didn't really socialize together in the evenings but, in the office, it was a very strong relationship, which I enjoyed thoroughly. He would always come into my office, which faced the setting sun side of the Union Tower building. We had a lot of fine conversations.

Q: What was your sense of how the USAID Mission operated?

STEPANEK: Oh, I guess fairly well. The reason I say that, Haven, is not because I knew whether it was working well or not. I just knew that I wasn't in Jakarta. Jakarta was a "war zone." There were nasty, nasty frictions, not involving me but other people. And other people had ulcers, lay awake at night, there were tears and aggravations around Niblock himself, the Program Officer, the Deputy Program Officer. It was all very unpleasant. In retrospect and in many ways this was one of the things that drove me in the management direction. I realized that anybody could do a better job than these "turkeys."

Q: Rather than driving you away it...

STEPANEK: It did.

Q: Well, do you have anything more to say about your experience in Kenya at that point?

A month at the Federal Executive Institute

STEPANEK: Well, during that time I attended a one-month training course at the Federal Executive Institute in Charlottesville. I was selected to go there. I think that it was there that I saw a video recording, "In Search of Excellence." It contains an interview with Steven Jobs, wearing blue jeans. He has his feet up on his desk. Somebody asked him: "Why would a bright, software designer like you get into management?" Steven said just what I've just said. He said: "I looked around and I figured that anybody could do a better job and I decided to do it." And at that point the light went on. I realized myself that I had made the transition without realizing it.

I was lucky in Kenya. I got into a Program Officer job with a strong staff. I could play to my own strengths and not be mired down in handbooks and details. My relations with my staff were excellent. I'm still in touch with some of them. Relations were very close.

Q: How did you find the Federal Executive Institute program for training people?

STEPANEK: You have to wonder whether it's worth the Agency's money. With all of the Agency's training, as you know better than I, we tend to "fire" people rather than promote them. In the case of that one-month course at the Federal Executive Institute it certainly was an eye-opener to the rest of the federal system. It was a wonderful learning experience, just as the Senior Seminar in the State Department was a wonderful learning experience. This was one of those things where, if you have the money and the time, everybody who is moving up in their career ought to be exposed to that kind of experience.

If I had to put my finger on anything concrete that came out of this course, it was that it reinforced my own feelings that "collegiality" works. A long time ago in Dhaka Joe Toner, the USAID Mission Director, said: "Joe, the way to manage is to give things away. You give away information, you give away rewards, you give away decision-making authority. You just give it all away. That's how you get rich." I think I realized at the time that he was saying that first in Kenya, then in Tanzania, and with the reinforcement of the Federal Executive Institute course, I began to realize that, in my view, that management style was very much what I wanted to aspire toward.

Q: Then let's go on to your next assignment. You were now a manager. What year was this that you made your next move?

Appointment as USAID Mission Director in Tanzania - 1987

STEPANEK: It would have been early in 1987. I wanted to move on to a senior management job. I

had my heart set on the Deputy Mission Director position in Kinshasa, [then Zaire, now Congo], for two reasons. I wanted to be "forced" to learn French, so that I would have a second language. I wanted the management experience of being a Deputy Mission Director.

I talked to Dennis Chandler, but there was no warm relationship there. Later, I found that I didn't get the position. At the time Chuck Gladson was talking to Larry Saiers about a possible, future assignment for me. So my name came up regarding an USAID mission that was almost closed, in Tanzania. At the time there was a risk that the mission in fact would be closed, but there was a tentative agreement with the International Monetary Fund, so AID would stay open. So the business of closing the mission was basically held in abeyance, subject to further negotiations with the IMF.

I agreed to go to Tanzania as the USAID Representative for a Mission that supposedly had one person assigned to it. As I had been in Kenya, I was interested in neighboring Tanzania. I was obviously delighted to be in charge. I felt that, as I had been a Program Officer for four years in Kenya, I knew something about USAID. I had worked very closely with the three USAID Mission Directors in Kenya and knew the full range of things to do. Also, I knew about relationships with the Embassy and all of the other U.S. agencies there.

Q: What was the situation in Tanzania at that point?

STEPANEK: Visually, it was like the last scene in the film, "On the Beach." There were broken windows, newspapers fluttering in the wind, dust, and the dead and dying. It was still very quiet, very poor and desolate. The USAID Mission had not been closed. I found that, as one of USAID's great secrets, they claimed that the Mission had been closed. In fact, it was doing quite well. There were about 40 FSN [Foreign Service National] employees. They were handling various projects. There was a lot going on. It took me a little while to appreciate the fact that there was a lot going on.

Q: What was the issue which had put the USAID Mission in this condition?

STEPANEK: The issue was whether the Tanzanians, for once, would stay "on board" with the World Bank and the International Monetary Fund. This time around they did. So very gradually, step by step, and person by person, we rebuilt the USAID Mission. Ultimately, it qualified as an USAID Mission, and I became an USAID Mission Director. The budget gradually grew. I inherited some useful projects. One of them was to support "TAZARA" [Tanzania-Zambia Railroad Authority]. Another was to support a roads program. We designed a family planning and a scholarship program and terminated a Zanzibar malaria control project. During all of this time I worked closely with Ambassador Peterson and then with Ambassador de Garette. The assignment proved to be a very rewarding experience.

One of the highlights was to recognize that our FSN's had not had their salaries adjusted for about 10 years. On average, their salaries were about 10 percent of what State Department comparability reports claimed they should have been. It took me three years to fight this issue through the State Department. However, ultimately, I had the immense satisfaction of standing in front of our FSN

employees and telling them that they were about to get an average salary increase of about 800 percent! I still get "thank you letters" for that.

Q: I can imagine. Well, let's take some of these programs, like family planning, for instance. Wasn't there a family planning program before that?

STEPANEK: The Tanzanians had kept family planning at arms length. There was no public family planning program, but there was very modest public support for a family planning NGO [Non Governmental Organization], called "UMATI" and recognition of the leadership, what it took to keep that going through the "thin years." Other aid donors were involved in public health and a little bit of family planning. I knew that I was there as an American diplomat and was regarded by many senior Tanzanians with great suspicion. They wondered why we were in Tanzania. Why did we support the "TAZARA" [Tanzania-Zambia Railroad Authority]? Were our aid technicians just "spies"? Regarding family planning, their attitude was that, "You guys are only interested in controlling our numbers." So I did not barge into family planning. However, I also knew instinctively that somehow, some way, it would be very important to get a family planning program going.

My assistant, Paula Tavrow, was instrumental in working in the fields of health, malaria, and scholarships. She got to know the Tanzanian health people and the health aid donors very well. One fine day I was informally asked if I would come to a family planning meeting if I was invited. I said that I certainly would. Also, I was asked if I would agree to provide resources to support a family planning program if a request for such resources were made. I said, "Absolutely. Yes."

I checked this out with a key Tanzanian official, Peter Ngumbulu. Later, I was invited to an informal meeting with the then Tanzanian Permanent Secretary for Health. This all worked out. This is one of the stories I am most pleased with. We knew that we would be working on a very sensitive subject. So we tried to think of everything carefully, including how to approach groups and people, how to deal with issues, how to pave the way, and how to make it very clear that we didn't have any ulterior motive in supporting family planning.

Part way through this process, Paula Tavrow's birthday came up. So we decided that we were going to have a birthday party. We suggested to Paula that she invite everybody that she had been working with. I asked Paula how many that would be, so that my wife, Caroline, could plan for it. We thought that it would amount to about 30 or 40 people. Well, about 200 people showed up! It was very interesting. It turned out that it was the first time that all of these people had gotten together. It was the first time for me to say, "Thanks" to everybody.

Q: Were all of these people Tanzanians?

STEPANEK: They were mostly Tanzanians, with a few foreigners mixed in.

All the while, well, I won't mention any names, but people in Washington were calling me up on the telephone and saying, "Are you going to sign this family planning agreement or lose the money?" In

other words, they were saying, in effect, "Get off your backside."

I stalled for one annual budget cycle. It wasn't until 18 months later that we actually signed a \$20 million program for Tanzanian family planning. The biggest surprise about it and the most gratifying aspect of it was that by the time I signed the agreement, I finally realized that we had 18 months of implementation under our belt before the signing. The "collegial work" had really paid off. It was all negotiated, understood, learned, and sorted out well in advance of the signing ceremony.

Q: What was the stress in the program?

STEPANEK: It was primarily the expansion of public sector supplies and services, through the public system, to every nook and cranny of Tanzania, with a private sector role through condom advertising and sales. At the time, we had been "leading the charge" to pave the way. Anyway, at the time, one of the documents that I signed was pm am jpmpraru or pro forma basis. That was for the Demographic Health Survey (DHS). The thing that was so wonderful about that is that, at the time, I knew that this was going to be a very major contribution, because Tanzania was very proud of its "social achievements." The truth of the matter is that all of Tanzania's "social indicators" had gone to hell. The DHS survey would document for the first time what was actually going on in the country.

Sure enough, five years later, this survey documented the acceptance of family planning. This proved a lot of things to me. One is that we don't need money to handle development. Secondly, "collegiality" counts for a lot. Thirdly, you can get results fast if you're all pulling in the right direction. So that was pretty powerful stuff, and my time in Tanzania was a very rewarding time.

Q: What was the situation in the other sectors that you worked on?

STEPANEK: One that I mostly inherited from Satish Shaw was a roads program. The Tanzanian roads had gone to hell. They were all in the public sector. They were all donor provided "turn key" roads. USAID and the World Bank had built some roads twice and even three times. The government capacity to maintain the state system of roads had just fallen apart. I don't recall how the first step to improve this situation was taken. However, Satish and his "gang" visited Tanzania before I arrived. One of the subjects that came up was the privatization of roads.

At some point somebody in the Ministry of Communications and Works must have said: "We know that this is a mess. We know that we're to blame. Let's try something else." Satish presumably said: "Amen!"

Q: Who was he?

STEPANEK: He was the Senior Project Officer in REDSO. I think that he later became Director of REDSO.

Q: That's right.

STEPANEK: In any event, Satish "latched on" to that wonderful opportunity. We put together a roads program which was really a "feeder roads reform program" or a "feeder roads privatization program." The Ambassador and I went to see President Mwinyi of Tanzania to explain what we had in mind. President Mwinyi said: "Roads, roads, roads. I need roads and I don't care who builds them." At this point the Ambassador was kind enough to stand up and walk away, leaving me "to feed the bear," so to speak. So I got the pleasure of explaining to President Mwinyi why it was so important for Tanzanians to be building their own roads, rather than having foreigners doing that. The upshot of that meeting was convincing President Mwinyi to go out on tour and see the roads for himself.

President Mwinyi did this. He stood on the hood of his Land Rover and talked to rural people. He said: "Years ago the Americans gave us food aid and then they taught us how to grow our own food. Now they're teaching us to build our own roads." This program is a partial success. The World Bank is still building "turn key" roads, and so are the ILO [International Labor Organization] and the other aid donors.

Q: What was the thrust of what you were trying to do in your program?

STEPANEK: It was an effort to try a new way of building feeder roads. The sequence of events was as follows. We used the promise of about \$25 million to reinforce the Tanzanian Government's commitment to experiment. Part of this foreign exchange was used to support an American team in the Ministry of Works to design a system of roads in which spare parts for road equipment were brought into Tanzania. Under the USAID program, vehicle spare parts were purchased by public and private entities. The cash value of those parts went into a fund to pay private Tanzanian contractors to build and maintain feeder roads. So the actual contract work was done only by local firms and was paid for out of the cash paid for the imported spare parts.

Again, good luck counted for a lot. The Caterpillar Company [of Peoria, Illinois] had been investing in Tanzania for years and years. They had 600 tractor "carcasses" in Tanzania but no foreign exchange to buy spare parts. All of a sudden, Caterpillar equipment and that of other tractor makers were up and running for the first time in many years. They were forever grateful for this American program. The fact was that the owners of the broken-down tractors paid Tanzanian shillingi [shillings] for the spare parts. The proceeds of the sales went into the fund and made this program work.

Q: Was there private Tanzanian road-building?

STEPANEK: Well, that was the "hook." The problem is that the big contractors were Tanzanian Asians. However, we designed the road-building program in such a way that there was a lot of sub contracting encouraged. My understanding is that, at any one time, there were 30 or 40 Tanzanian sub contractors that worked on segments of the roads. This involved the construction or repair of culverts, grading, clearing, and so forth. So this represented a start on black-owned Tanzanian small businesses repairing the road network.

One of the reasons, to be perfectly frank, why Tanzanian President Mwinyi was happy to let the World

Bank build roads on a turn key basis was that he got sick and tired of paying all of that money to Tanzanian Asians. It was the old dilemma. He had been suspicious of commerce and industry run by minority groups in Tanzania during his whole career, as business tended to go "offshore."

Q: Was that road development program associated with the big World Bank loan of \$800 million? Was this what they called the "sector program approach?"

STEPANEK: Yes, it was part of that. However, I don't think that the World Bank showed much willingness to be innovative. I think that most of this program was handled on a turn key basis. I could be wrong and I hope I'm wrong in that regard.

In the case of family planning the cooperation approach worked very well. When we get to Zambia, I can tell you a similar story. In the case of the road building program people would say the right things at meetings, but in practice they were mostly interested in spending "their" money on hiring "their" contractors. They didn't really much care about Tanzanian ownership or sustainability. It was disheartening.

Q: There were a lot of aid donors involved.

STEPANEK: There sure were. There were easily a dozen aid donors. I cite the example of the ILO having 10 expatriates out on a works project supervising Tanzanian workers. That's the kind of unsustainability which I find appalling. We had one foreigner and one only. He sat in the ministry, not with us. He was out in the field most of the time. The Tanzanians loved him dearly.

Q: What about other programs in Tanzania?

STEPANEK: I used the collegial approach in a different kind of decision. I "terminated" USAID's last malaria control program. I worked hard with the Zanzibaris, with my staff, and with experts in and out of Tanzania to figure out what this malaria control project was contributing. The answer was, "Zero." Nobody had the courage to "turn it off," so I went ahead and turned it off myself.

Q: Why wasn't it contributing to the control of malaria?

STEPANEK: Well, because in the "bad old days" the malaria control program required a military kind of program to mobilize people, spray villages, drain culverts, and so forth. Furthermore, mosquitoes had become partially resistant to DDT. The mosquito parasite was partially resistant to chloroquin. The Zanzibari project officer was busy using the vehicles and money for his own, personal use for his houses. Also, I believe he had "burned his bridges" with his own political structure in Zanzibar.

Q: He was a Zanzibari?

STEPANEK: Yes. In a situation like this, Haven, I found that we were simply carrying all of the "water." I had a fine Project Officer who were carrying all of the burden. I found that thoroughly

unbecoming. We spent about a year and a half, trying to move the burden back into the hands of the Zanzibaris. This simply did not work. They just assumed that they'd get everything that they wanted and perform on none of the requirements. I finally decided that "enough was enough."

I found terminating this project painful to do. However, it was a period when people were starting to talk about "impregnated bed nets" and, of course, a malaria vaccine which has yet to be developed. It was at that time that Mike Wallace came to town. I gave Mike 90 minutes of tape. Thank goodness for me, he boiled that down to 22 seconds. He was a little flabbergasted that I was prepared to turn off a malaria program, when babies were dying like flies across Africa and still are.

I also turned off a Title II program through Catholic Relief Service. Again, I spent a lot of time with staff in the field and with the Ambassador, checking all of the strategic points. I found that this program was mostly political, not nutritional, not allocated on the basis of need. There was some corruption. CRS' [Catholic Relief Service] own director in Tanzania had tried to turn off this program. She had been shot down by CRS headquarters. I inherited this mess and decided to turn this program off.

Q: Were there problems in doing that?

STEPANEK: Not as much as I expected. In that particular case the phone did not ring. Our Ambassador was tired of being "poked in the eye" by other Ambassadors who "goosed us" over dumping food aid. People knew that it was Catholic Church politics involved.

In Indonesia one of the things that I forgot to mention is that I put a lot of time into an evaluation of a CRS-operated, Title II program. I found that it was quite disappointing. I'm sure that you're aware that on the health side of things there is a lot of empirical capacity to evaluate the impact of nutritional interventions. So it's fairly easy to say "Yea" or "Nay" to a particular program. This was not inherently because of Title II. However, Title II, plus CRS, led to a rather costly and ineffective program. I admired the CRS representative greatly for having taken the stand that she did before I got to Tanzania. I felt that, finally, I had to honor her original decision to close this program down.

Q: Were there other, food assistance programs?

STEPANEK: Yes. We took the Title II program and "monetized" it to liberalize the food and grain trade. Quite frankly, that effort was not successful. Later on, we decided not to extend it, because the Tanzanian Government did not have the budgetary discipline to deposit the money for food grain landed in Tanzania. This was quite a disappointment. It should have alerted me to the weaknesses of the banking system. I guess that it alerted me to other problems that I got into later on. That was a pilot program that did not work.

Since then, I think that the Tanzanians have liberalized their grain trade. Maybe we planted a seed that took root, although this is hard to say.

Q: Were there regional parts of the aid program?

STEPANEK: Because of the racist regime in South Africa, the U.S. Congress, USAID, and the State Department developed close ties and a special program for the so-called "front line" states [i.e., countries close to or bordering on South Africa]. Tanzania's share of this was \$50 million. Actually, we had access to up to \$50 million. I think that Allison Herrick and others in Washington were having a hard time trying to figure out how to spend the money. Satish Shaw had sent a team down to talk to TAZARA and look at possible USAID support. The team figured out that they needed some parts and a lot of management to "clean up" this binational, parastatal entity. Well, that wasn't good enough. Allison said: "Well, you've got to spend some money."

Q: This was a parastatal company for what?

STEPANEK: I'm sorry. The TAZARA railroad line was built by the Chinese. It connected the Zambian copper mines with the port of Dar Es Salaam, so that Zambia would not have to rely on rail lines that passed through South Africa to export copper. The binational, parastatal company has been jointly owned and operated all this time and still is. The railroad was Chinese-built and equipped. By this time their locomotives were worn out. There were some German "re-engineered" locomotives, but basically what the railroad really needed was to be privatized and commercialized. However, they didn't take that step.

Because of political pressures we decided that we had to spend money on procuring new locomotives. There were several, unrecorded phone calls in which Satish Shaw was simply ordered to buy new locomotives. The regional team had said that it would be unwise to bring in locomotives under these circumstances. However, we all know USAID. I landed in Tanzania in time to sign an agreement for 17 new locomotives.

In this context I learned more about being a PDO than I ever wanted to learn. On the personal, as well as the professional side, it was necessary for me to learn about railroads and railroad management and technology. It was absolutely fascinating. I met some wonderful Tanzanians and am still in touch with them. I am very proud of the relationships that I built up. Sadly, this railroad is still a mismanaged, parastatal entity. There still is not much justification for the locomotives. However, to see something real land..

Q: And the locomotives are still there?

STEPANEK: They are there, and half of them are in use. The rest have been wrecked. I've been back to Tanzania since then. I've stayed in touch with the Tanzanian side of the railroad by virtue of being in Lusaka [Zambia]. I went back to see friends, see the locomotives, and see the workshop that we built in the southwest corner of Tanzania. From such visits I learned, grudgingly, that the locomotives were not being well maintained. This was a source of great disappointment. A well-maintained locomotive can last for at least 50 years.

The sad truth of the matter is that the economies of both Zambia and Tanzania, having enjoyed their "socialist experiment," have been "trashed." The load factor for the railroad has remained a very small

fraction of what it was projected to be. So the demand for the locomotives never really grew to meet the new "load." The new locomotives filled in for the older ones that were being "trashed." Now, the new locomotives are being "trashed," in turn, and so I'm not sure who's going to be the next "sucker" to supply new locomotives.

Q: Just to keep the railroad going.

STEPANEK: Yes.

Q: But our side built a road, and it wasn't that perfect, was it, at that point?

STEPANEK: We did. There was a race. Not surprisingly, there was privatization of truck traffic, and privately owned trucks were allowed to circulate on the highway during this whole period. We built a road, as you know better than I, which was literally "neck and neck" with the construction of the railroad.

There's a wonderful story about a crossing where the road was supposed to cross the railroad, which the Chinese were building. Apparently, one of the Americans working on building the road had a bulldozer which was in the way of a Chinese survey engineer, who happened to be a woman. She asked the American to move his bulldozer. He didn't move it. So the story goes that she went over and "slugged" him! Maybe because of surprise, she knocked him on his rear. The story has it that he up and left the construction site. He couldn't take this. Anyway, that story is still famous. The crossing is still known as the site of this incident.

I have to say, on the personal side, that I lived in China as a kid. My parents stayed in touch with China, and my brother speaks Chinese fluently. My working with the Chinese who worked for TAZARA [Tanzania-Zambia Railway Authority] was a wonderful experience.

I will gloss over the signing ceremony for the subsequent procurement of American locomotives for this railroad. This project was worth some \$46 million. The Tanzanian and Zambian Governments said that they would not sign the agreement, which had to be signed during the last week of the U.S. fiscal year, or the allocation of the money would become invalid. The Tanzanians and Zambians had \$46 million "swinging in the breeze." I found out that the reason for the delay was suspicion of Americans. They wondered why the U.S. would want to send technicians to work on a Chinese built railroad. Key Tanzanians and Zambians had suspicion of our motives. The Ambassador and I had to spend a lot of time convincing them. We said: "You people approve the 'scope' agreements. You know what they're doing. We are not here to 'spy' on you, the Chinese or anybody else." The Tanzanians and Zambians finally signed on the last day of the U.S. fiscal year. USAID Washington had been "beside itself" over the delay.

Two days before the signature of the agreement, somebody in the Tanzanian Government finally said to me: "Joe, you've been patient with us, and your patience is going to 'pay off.' We will sign the agreement." Boy, it was close!

Q: Yes, I know that situation.

STEPANEK: The relationships with the Chinese worked quite well, partly because of my own background. I went out of my way to meet them and involve them in everything. When there were ceremonies, they were right there. So that was a very nice experience.

Sadly, they saw the railroad as we see it today. They saw mismanagement and felt terrible disappointment over this project, despite the huge investment that they had made in it. It was truly an heroic feat of Chinese engineering in Africa. No doubt about that.

Q: And now the circumstances have changed, and so forth, so the demand for the use of the railroad is not as great.

STEPANEK: That's right. I've written about this in the chapter on African agriculture in my book. That rail line still runs through a gorgeous part of Africa. Some day all of those little stations will be bustling, booming market towns. It won't happen in this century, but it may happen by the middle of the 21st century. The railway line itself is "indestructible." There is a trained cadre of Tanzanians and Zanzibarians working on it. Administrative and management rules, in some cases, with respect to the desired labor conditions, are set in law. It will take another generation of political courage to relax those rules.

Anyway, one of the "thrills" of that particular assignment to Tanzania was to be able to stand on the beach in Dar Es Salaam, knowing that the ship with the American locomotives aboard was about to come over the horizon. Sure enough, it did. It came right at us and turned into the harbor. The next morning we went down to the port and watched the American locomotives being unloaded. There was a great ceremony.

Q: You didn't get into any procurement difficulties in the purchase of the locomotives?

STEPANEK: Oh, thank you for raising that! I was lucky in that I recruited Zach Hahn and then John Starnes as PDO's [Project Development Officers]. We did two things. We made sure that the locomotives were precisely what the Tanzanians wanted for the railroad. The technical specifications we received from the railroad were lengthy. The chief engineer for TAZARA was Lucas Chogo. Without a doubt he was the technical brains of the whole operation. He wrote and negotiated those specifications so that we knew precisely what TAZARA's needs were. Having said that, thanks to Zach Hahn and to John Starnes, we also worked to set forth "generic" specifications for the locomotives, so that there would not be any arbitrary "bias" toward either GE [General Electric] or GM [General Motors].

Again, we had good luck in that we had negotiated those first two sets of requirements very carefully. GM and GE both thanked us later for the quality of the work of preparing the specifications. More because of luck than anything else, GM was "flooded" with orders, and GE was not. The GE bid was

well below GM's bid, so it was an "open and shut" case. However, as I was USAID Mission Director at the time, this was one of the few times that I felt that this was like a "shoot out at OKAY Corral." I got to cut the seals. I got to look down the line and see the costs. It was a little nerve-wracking because we knew full well that many of these large contracts were contested. However, in this particular case good homework and good, commercial relationships between the two company representatives at that time explained why this was a "peaceful agreement." The agreement was completed, there were no contests, and there were no "hitches."

Q: Particularly with the American attitude and a potential Canadian involvement...

STEPANEK: Quite honestly, I think that GE and GM would have chosen a Canadian place of final assembly, using American made components. Anyway, it gave me an excuse to join Lucas Chogo and go to the GE plant in Erie [PA] and see the locomotives being assembled. It was quite impressive. It was very exciting, and I was very proud to see how the African engineers were being trained and how they put the "final touches" on the locomotives when they arrived in Tanzania.

In the aid business there are always wonderful stories to tell. They are never the whole story, but at least there are things to talk about.

Q: Well, are there any other dimensions to the program?

STEPANEK: I should mention my wife Caroline. We had "inherited" a famous German mansion to live in. We also inherited the strained relationships between Tanzanian socialism and American capitalism. Caroline and I sensed that we needed to spend a lot of time on official "representation" activities. So, over the course of four years in Tanzania Caroline organized and ran about 400 business get-togethers, receptions, parties, breakfasts, and luncheons. I have to say that USAID Washington and the State Department didn't even bother sending us a "thank you" letter for these efforts. I know that this is typical.

Q: These social events were for whom?

STEPANEK: They were for Tanzanians, for our development work in Tanzania. You know as well as I that this is a very common story with USAID spouses, worldwide. They put in an immense amount of work and deserve a lot of credit. In fact, I wrote up a cable nominating Caroline for an award, but that didn't go anywhere, either. That's a "sour note" but only one "sour note" in what was otherwise an incredibly good experience.

Q: Well, you were a Mission Director now. Now that you had finally arrived as a manager, what did you think about being a manager?

STEPANEK: I thought it was glorious, absolutely glorious! At the time and now I would be happy to say that if I had known that it was going to be so exciting, I might have been ambitious! I had never had any interest in being an USAID Mission Director. I did not know that this job could be so

interesting, so challenging, and so rewarding.

Q: Well, perhaps this is time for a pause. Is there anything else regarding your Tanzanian experience that you would like to mention? What was the economic situation at that time in Tanzania? How did you relate to that more generally? You were an "old hand" in the economic policy business.

STEPANEK: The Embassy Economic Officer and I, as well as an FSN economist, followed and reported on the macroeconomic situation. We worked with representatives of the World Bank and the International Monetary Fund. We were not "big time players" but we certainly had a point of view as to what was working and what was not working. Very slow progress was being made. In retrospect, I think that you'd have to say that there was precious little progress. Tanzania is still finding it very hard to move ahead. There are frequent interruptions in the supply of water and electric power. Investment, and particularly foreign investment, is very modest. It's been a very tough time for Tanzania since independence in 1960.

Q: Why has it had so much economic difficulty, compared to other African countries which seem to have been torn apart with ethnic crises and so forth? Tanzania has been free of that, yet still can't move along.

STEPANEK: Maybe the seeds of corruption and disillusionment, and maybe more of the latter than the former, have "disemboweled" the bureaucracy in Tanzania. However, their mistrust of Tanzanian Asians prevailed, and there was tension with Zanzibar. Despite the fact that the Tanzanians are very agreeable people, possibly they are just too "relaxed." It's very hard to know why this should be so. It was instructive to have served previously in Kenya and to feel, as a white "European" in Africa for the first time, that the Kenyans tended to "hate" me because of the very fact that I was a white. Therefore, I should just have learned to live with that. At the end of my first six months in Kenya, I concluded that that wasn't true. The fact was that the Kenyans really hated the Kenya Asians. The Kenyans weren't really focused on the Europeans. I thought that they hated the Asians. That explained the level of animosity that I sensed.

By the end of the first of my four years in Kenya, I decided that I was wrong again and that the Kenyans really hated each other. They didn't have time to waste, hating Europeans or Asians, because the tribal friction within Kenya was so severe. I tell that story purposely because, after living in Tanzania and then in Zambia, it was like night and day, being in a country where the people were so congenial, friendly, warm, and sincere. However, all of that natural "resource," if you will, doesn't get turned into mobilizing growth.

One of the many tragedies that befell Tanzania was that Julius Nyerere had decided that the Tanzanians were not going to be "money grubbing," middle class people. The Asians living in Tanzania would be tolerated to handle trade and commerce, while ethnic Tanzanians would be rural and communal in their outlook. They would only train enough Tanzanian students through secondary school and the universities to supply the few, civil servant positions needed. For that reason Tanzania actively discouraged secondary school education. To this day Tanzania still has the lowest, secondary school

enrollment of eligible students of any country in the world.

Q: I have never heard that. I presume that they were discouraged from attending secondary school.

STEPANEK: It's true, even though it's an appalling fact which describes the penalty that is paid by some of this "economic philosophy." To be crude and fair, I think that most of the aid donors, most of the time, subscribe to this philosophy. This view even included USAID. In the case of USAID, subscription to this philosophy may have gone on for fewer years than in the case of other aid donors, but the fact is that we were there, too, supporting this socialist "Paradise on earth." We were doing rural development and all sorts of things which were basically state-controlled. On reflection, it was not a pretty picture.

Q: Did the World Bank also subscribe to this view, from the early days and through the time that McNamara was its President?

STEPANEK: Yes, it did.

Q: Have the massive investments supported that outlook?

STEPANEK: That's right. Now they're faced with, not only corruption, but HIV/AIDS [Acquired Immune Deficiency Syndrome] and international debt. And this pertains to a country that is inherently rich, wealthy, diverse, and wonderful.

Q: And relatively at peace.

STEPANEK: Absolutely. Tanzania is more than at peace. Tanzanians are justifiably proud of the work that they do to keep peace in the region. You may not agree with all of it, but the truth of the matter is that they spend the resources that they don't have to look after refugees and foster peace in Uganda, Burundi, Rwanda, and Mozambique.

Q: But you would attribute to Nyerere's socialist approach the "dampening down" of a more entrepreneurial approach to development that you found in other places? Do you think that this is the reason why the people are not more entrepreneurial, compared to other countries?

STEPANEK: Yes. This probably says more about me than anything I've ever learned. I just had a unique belief that the entrepreneurial spirit is evenly distributed around the world. I think that, depending on parents, culture, and educational and market systems, this spirit is reinforced or discouraged as the case may be. I've met plenty of Tanzanians who are full of life and would "blossom" in a market economy. On the other hand, if a government spends more than 20 years putting that spirit down, inevitably there's going to be an impact. Tanzania may yet be one of the few cases where the impact of this effort is basically devastating.

Q: But you made the point that there is such a small percentage of young people in secondary

schools. I suppose that that concept then applies at the university level. Everybody says that education is really the "power" in a society that drives the economy?

STEPANEK: That's right.

Q: If education has really been "dampened" down, is that a major factor in the results in Tanzania?

STEPANEK: I think so. The donor aid program in Tanzania is huge. We all spend very large amounts of money on foreigners, not Tanzanians. The money is tied to debt repayments and to importing commodities. Very little of the money actually goes to institution building or rebuilding the spirit of the country.

Q: We were not involved in an education program?

STEPANEK: No. As I recall, I actively kept us out of agriculture and education, because I considered them to be such a nightmare that I could not compete with other donors who were funding what I thought were the wrong things. I couldn't possibly reform the Tanzanian Government. That was not the case in Zambia where, I found, the time was more than ripe to get into the health field because there was a systemic change under way. In Zambia we were involved in health and agriculture.

However, in the case of Tanzania, it was easy for me as USAID Mission Director, with a limited budget, to find reasons for staying out of agriculture and education. I think that there were good reasons. USAID Directors and programs are marvelous at getting into things more deeply than they should. Yet, sometimes, even a little "seed money" can go a long way. And USAID Directors "love" that sort of world. I think that it's one of the nice things about USAID generally and about the USAID presence in a given country. You see opportunities where one trip, one scholarship, one adviser, or one idea may not amount to much. On the other hand, sometimes it does.

Q: We've been in Tanzania for a long time. Were there any remnants left over from previous USAID programs? There must be something hanging around that showed some results.

STEPANEK: Yes, and there was a lot of pressure on me to fund agricultural training, extension, and universities, because we had done this in the past. In fact, the only time I ever received a direct "order" to do anything in USAID was from Charles Gladson, then Assistant Administrator in the African Bureau, to sign an agreement between Sokoni Agricultural University and Tuskegee Institute. My staff and I felt that there wasn't much in such an agreement to contribute much one way or the other. However, I was "ordered" to sign the agreement, and so we did it.

I cite that as an example. You can work in USAID for 25 years, most of the time overseas, and survive, if you will, or at least "do well," receiving only one order like that. It's a remarkable commentary on the USAID system.

Q: This was an agreement between Tuskegee Institute and whom?

STEPANEK: Sokoni Agricultural University, the Tanzanian agricultural university.

Q: Did that agreement go ahead?

STEPANEK: It did go ahead. I still don't know what they're doing.

Q: Does this involve the training of faculty members of Sokoni University?

STEPANEK: Yes, faculty training and exchange arrangements between the two universities, plus a little bit of "overhead."

Q: I see.

STEPANEK: Oh, my, what else? After I left Tanzania, my successors got involved in democracy, through the funding of "political" NGO's [Non Governmental Organizations].

Q: However, apart from the roads program, you weren't involved in any private sector initiatives?

STEPANEK: We laid the foundations for them but we did not get involved. Again, I looked at it and felt that it was premature for any such initiative really to work. The foreign exchange system had not been liberalized. The banking system was collapsing. The investment code was state-run, if you will. Let me give you an example. The Tanzanian Government was very proud of its investment center and its Investment Director, and they displayed this gentleman around Dar Es Salaam. However, if you went to the Investment Center, the Director would say: "See all of these projects sitting on the floor? All you have to do is pick one." That's all I needed to know. No, I just didn't see the point of that.

The country's overhead just continued to collapse. Private business in Tanzania, to this day, has a very hard time keeping generators and electric power going. Piped water is running short. The Japanese rebuilt all of the roads in Dar Es Salaam. These roads are now full of potholes, less than five years after they were rebuilt. It's kind of disheartening. There are disputes with Zanzibar which consume a lot of time.

Q: Did you have any contact at all with Nyerere? He was not President at the time.

STEPANEK: I never met him and had no contact with him. I personally didn't seek contact. I guess that I felt that he was sufficiently to blame for the problems of Tanzania. I didn't feel inclined to go and get his autograph, or anything like that.

I have to tell you a Nyerere story through the eyes of his chief "buddy" from Edinburgh of Fabian socialist days, Joan Wicken. Joan followed Nyerere back to Tanzania after he was a student in Great Britain and served as his confidante and personal secretary for years and years. I heard a lot about her and thought that the least I could do was to go and say "Hello" to her. I had a marvelous time. She

was as lovely to meet as anybody's favorite aunt, until she opened her mouth. Then you got quite a blast about the glories of socialism and the dangers of capitalism. I said to myself: "Well, I've managed to step on all of the land mines," and I thought that I'd get onto a safe subject. So I started to talk about computers and their value in modernizing Tanzania. She said: "No way. Computers put people out of work, and, besides, Tanzania is about to be self-sufficient in typewriters."

Q: Oh, my!

STEPANEK: Yes, it was lovely.

Q: Well, I gather that they're going into computers now.

STEPANEK: She had one on her desk. At this stage in world history growth in Tanzania should be like India, not only assembling computers but writing the software. They're not. India has a revolution going, writing software. This is a wonderful story. I wish I knew more about it.

Q: What about the food situation in Tanzania?

STEPANEK: I would have to say that it is pretty good. Tanzania has many different "crop zones." In that climatic diversity is safety for the food supply. They have liberalized marketing, trucking, and storage controls, so I think that prices now rule more than they used to. My impression is that, although harvests are still subject to the rains, generally speaking Tanzania is in a good situation with regard to food. Tanzania came to Zambia's rescue in late 1995. The Zambian Government in Lusaka was wringing its hands over the scarcity of food at that time and turned to the traditional aid donors for help. They found that the Tanzanians had a huge harvest in Southwest Tanzania, right on the border with Zambia, as did the South Africans. So those private deals to purchase food ultimately served Zambia well. Of course, there needs to be a great deal more of such private trading.

Q: Anything else you care to mention on your Tanzanian experience?

STEPANEK: Oh, I have a lot of personal and developmental stories. Unlike in Kenya, while I was in Tanzania, I tried to get out into the country on business trips. I had the excuse of following the development of the "TAZARA" [Tanzania-Zambia] railroad and the roads. I went to Zanzibar several times in connection with the malaria control program to try to understand that myself. I went to Sokoni University two or three times to meet with people. I was involved in emergency seed distribution and drought relief, just to see, at first hand, what the problems looked like.

I managed an office move, which was a very nice, personal experience. I pretended to handle this collegially, but the truth of the matter is that I didn't do that. I designed the floor plan in such a way that the Tanzanian staff and secretaries would have their fair share of windows and light. I enjoyed doing that for my USAID Mission. I was also able to have wood paneling installed on the walls, which looked very good. The office is in the airlines building. It was a nice experience to "map out" the space involved, so that form would follow function and seniority according to substantive criteria, and

not according to whether you were American or Tanzanian.

Q: You had now become a full "manager."

STEPANEK: I did not apply this term to myself. I stopped short of dumping all of the local currency into a "Stepanek Memorial Fund," as some of my colleagues have tried to do.

Q: What year did you leave Tanzania?

STEPANEK: I left Tanzania in June, 1991. We were very fortunate to be able to spend that return trip, visiting our "home town" in China. I had never been back since we had left it. My brother had since married and had a child. He and his family, and my wife, children, and I met in Hong Kong, took the train to Changsha, and then a bus from Changsha into Shaoyang. We saw the house where I had lived as a child. I remembered it very well. We met friends of the family. Altogether, it was a most amazing experience.

Q: How did you find the situation in China?

STEPANEK: It was very different. In the house where we had lived as a single family there must have been 50 people living there. In the streets that I remember vividly as muddy and poor there are now bars and karaoke cafes.

Q: So this was a form of economic development?

STEPANEK: Absolutely. Our compound had been rural, surrounded by a bamboo fence and rice fields. Today there is not a single rice field in sight. The area around our former house is now entirely industrialized and urbanized. Anyway, it was a marvelous chance to go back. We went from Shaoyang to Zian to see the "terra cotta" army. We went to Beijing, where my brother and sister-in-law worked. So we were well cared for and got invited around.

Q: So, after that experience, what happened then?

A year in the Senior Seminar - 1991

STEPANEK: I wanted to come back to Washington to be the chief economist for a greatly reduced position and office filled with economists. The day I got back to PPC [Program Office]...

Q: So this job was in PPC?

STEPANEK: Yes. The day I got back, I found that my proposed job, my officers, and my office had all been abolished. I knew what USAID Washington thought of economists but I thought that that was just a little extreme. In any event, I have to say that, before I could even bother to get upset about this, Peter Bloom came to my rescue by suggesting to somebody who mattered that what Joe Stepanek

ought to do is to go to the Senior Seminar in Foreign Policy at the State Department. Talk about manna from heaven! That was the most amazing experience. It was quite beyond words. So I had hardly gotten off the plane from Dar Es Salaam and China when I found myself on a Boeing 727 in Alaska. I had a very fascinating nine months in the Senior Seminar. I learned a great deal. Sadly enough, I learned most of it virtually at the end of my career in USAID, but such is life.

Q: What was so unique about the Senior Seminar?

STEPANEK: Well, the part of it that was special for me and, I think, for other USAID people who attend it, is that USAID people came out of the Kennedy and Vietnam era when there was high idealism and a high level of suspicion of the U.S. military. Maybe I'm generalizing it unfairly, as I do this on the basis of a sample of two people. My friend and I, who have attended the Senior Seminar, both agree that our respect for the U.S. military skyrocketed as a result of this experience. Our respect for the State Department stayed about where it was before.

Q: Well, you knew the State Department better.

STEPANEK: Yes, we knew it better. We also got to rub shoulders with people from the U.S. military and the intelligence community, which was all very valuable and very interesting. If you're going to continue to work for the federal government, clearly those contacts and that knowledge are essential.

Q: What was substantively useful about the Senior Seminar?

Chief of the Development Planning Office, Latin America Bureau - 1992

STEPANEK: From the Senior Seminar I went to the Latin America Bureau of USAID in LADP [Latin American Country Development Planning]. I drew on my experience from the Senior Seminar to understand U.S. military involvement in Latin America and how the U.S. military saw Latin American development. I was surprised and gratified to find that the U.S. military plans its programs in Latin America very much the way USAID does. That is, poverty is the root cause of the trouble, and so forth. I found that gratifying.

While I was in Zambia, I don't recall drawing on this experience very much. It is only when I am writing now that I find that the experience has broadened my horizon.

Q: Did you write a paper for the Senior Seminar?

STEPANEK: I did. I wrote a draft on USAID legislation reform. I forget now what I said. In preparation for writing it, I spent a month up on Capitol Hill. After the Senior Seminar experience, I went off to the Latin America Bureau of USAID for two years. This was an educational experience but probably not very useful.

Q: This was in 1992?

STEPANEK: This was from 1992 to 1994, first under Jim Michael. It was very nice to know and work with him. He faced his own "60 Minutes" crisis. I also worked for the late Eric Zallman and many other, very fine people.

Q: What was your task?

STEPANEK: I was head of a DP [Development Planning] office.

Q: Was there some initiative that you were trying to take? What was going on then?

STEPANEK: Closing USAID Missions, I suppose, is one thing that I had to watch. There were lots of audits.

Q: Why were we closing USAID Missions?

STEPANEK: This was budget driven. During the period 1992 to 1995, the U.S. Government cut USAID resources and PL 480 resources for Latin America by about two-thirds. That meant "winding down" staff and some offices. This happened even before the pressure caused by the arrival of Bryan Atwood and Larry Byrnes. So I helped to "carry the water" a little bit. I joined Carol Lancaster in Costa Rica, for instance.

Q: Was there a particular approach to mission programs that you took?

STEPANEK: I wish there had been such an approach, Haven. The truth of the matter is that all of the discussion about "transition models" was basically put aside. There seemed to be a willingness to talk about it, but not enough to act. Quite frankly, I think that the feeling was that within USAID it would be easy to reach agreement on transitions, but this would never "sell" on Capitol Hill, because it always looked like an "end run." All they were interested in on Capitol Hill was the "count." An USAID Mission either was closed or not closed. Bodies assigned to them were either "in" or "out." There were no two ways about it.

Quite frankly, USAID doesn't have the stature "within the Beltway" [that is, in Washington, DC] to have carried a transition program convincingly. From my point of view this would have required close cooperation with OMB [Office of Management and Budget], Treasury, the Department of Commerce, and other government departments to be a really effective, transition program.

Q: That could have been billed particularly as a "middle income" strategy for a program relationship on Capitol Hill.

STEPANEK: Yes.

Q: This did not come to any conclusion.

STEPANEK: Not that I'm aware of. Now we all know that USAID Missions don't always close when they claim that they're going to be closed. So there is a number of USAID offices in Latin America which are "one person" offices. I don't know that there are any offices that are "no person" offices. There are models in which you have a relationship in a given country but no person assigned.

Q: But there are continuing USAID relationships with, what, Brazil, Mexico, Argentina, and Chile?

STEPANEK: Yes, I believe so. These offices haven't actually closed. My personal strategy with respect to Costa Rica was to say: "You, sir, are under a direct order from Carol Lancaster and Larry Byrnes to close this Mission. Do so. We both know privately that it will not close, but let other people carry 'those coals' for you." I think that's what they did, because we are all "short timers" in a sense, and the relationships between our country and developing countries will be sustained in one way or another. Literal "closure" of an USAID Mission seldom happens.

Q: Did they close the Mission in Costa Rica?

STEPANEK: I don't believe that it's closed yet, although I may be wrong. You've aroused my curiosity. There's no office in San Jose with a senior FSN [Foreign Service National] employee in charge, or an USAID function performed by the Embassy?

Q: I wouldn't swear to that, but they're acting as if the Mission has been closed. We have this other approach, and I shouldn't be talking, but in some of these countries they use Central Bureau resources to generate strategy. Whether this was something in your approach...

STEPANEK: That's right. Not that I liked this very much, but conceptually it is an important approach.

Anyway, I spent two years on budget and audit management, pressures for closure, and worried a good bit about the situation in Haiti. I visited Haiti once, got to the Dominican Republic once, but did not get to South America, unfortunately.

Q: Did you get any sense of the Latin American Bureau of USAID at that time? What was it like?

STEPANEK: Well, it was the famous "empire" that everybody claimed that it was, with very talented people working there. Eric Zallman was the kind of fellow who, like Norma Parker and a few others, knew not only every project but every program, position, and everybody who has been in every position from the very beginning. If you think you're going to compete with them, you should just think again, because you're not.

Q: Right.

STEPANEK: I'm glad that I learned about my own hemisphere, although in some ways I suppose that

it was a waste of the time of the Latin America Bureau, as well as my own time. I felt really pressed to swim in that sea. I guess that I made some small contributions. The Bureau got high marks from Larry Byrnes for closing down audits. I think that we got high marks for being "transparent" in our budget analyses. Also, I managed to hit it off personally with Dick McCall very well. He was part of the new team coming in. In some ways it was a success.

Q: Did you have any Congressional activity at that time? Were you...

STEPANEK: The one time that I did, it was a "bust," because I shared planning year numbers with people on Capitol Hill, by mistake. And that is a "No, no." I was duly embarrassed and sheepish over that. I am much too straightforward a person ever to deal with the people on Capitol Hill. Other people who had been doing that for years "knew the ropes," and that's fine.

USAID Mission Director in Zambia - 1994

Q: Well, then, after that you went off to Zambia, was it?

STEPANEK: For the first time in my life I found that my next step in USAID was one that I sought for myself. All of the other assignments had started with phone calls to me.

I started at that late date in my career to realize that my "career clock" was ticking and that I'd better think about it.

Q: You mean, you were about to be affected by the "time in grade" rule?

STEPANEK: Yes. And I recall talking to McDonald, the chief executive officer in the Personnel Office, on several occasions about what was going to be available for me. I guess that, according to policy, he was very open and very helpful. I had a very good idea of what was coming and had a chance to think about it.

I wanted to be USAID Mission Director in Jordan, but that was not in the cards. Then I turned my attention to Africa because I knew Africa and felt comfortable there. I had the choice between Uganda, Zimbabwe, and Zambia. It didn't take any time at all to realize that I much preferred Zambia.

Q: Why was that?

STEPANEK: Well, first of all, I didn't know that country at all, and I knew the other two countries. I also knew that there were the beginnings of a political and economic reform program in Zambia. I found that exciting. So, with no "campaigning" on my part, the SMG [Senior Management Group] approved my name for this appointment. My appointment as USAID Mission Director to Zambia went forward, and that worked well. It was a very exciting two years.

Q: When did you arrive in Zambia?

STEPANEK: I arrived on September 3, 1994. On September 6, 1994, McDonald called me and said that I'd been "fired." You know the technicality as well as I do. You're not literally "fired," but I had not been approved for a second LCE [Limited Career Extension]. So I then knew that I was only good for a one year assignment in Zambia. At this point the African Bureau nominated me for what I think was called a "607 extension."

Q: Something like that.

STEPANEK: Boy, these numbers disappear fast from memory. In any event, I "won" that, thanks to the Africa Bureau, so I knew that my remaining USAID career was then set: two years in Zambia and then retirement. That's what happened, and it worked well. The Zambian Government was so busy betraying democracy that, when I left, it was clearly time to go.

Q: What was the situation when you arrived in Zambia?

STEPANEK: It was one of great hope that the new government, which had won a free and fair election from Kenneth Kaunda, was sustaining its economic policy and implementing broader, democratic reforms. The Zambian Government sustained the economic reform program, but not the political pledge.

Q: This was under Frederick Chiluba?

STEPANEK: Yes. So, as in Tanzania, I inherited a program that I liked very much. I worked with it and shaped it. One part of that puzzle was a \$15 million democracy portfolio. This gave us entree to all of the political "actors" in the country.

Q: What were you trying to do under that program?

STEPANEK: In a nutshell, to provide funding to make it possible for "alternative voices" to be heard. Not so much opposition parties, of course, but to provide training to opposition parties to "level the playing field" and provide technical assistance on how to run a political party and so on. Also, to provide resources for NGO [Non Governmental Organization] monitoring groups and civics education. This covered basic civics education, involving women's groups and so forth.

We monitored the course of political reforms which the government had pledged itself to carry out, like the privatization of the press, for instance, and streamlining cabinet processes.

Q: You were doing this in cooperation with the government or separately.

STEPANEK: Some of it was in cooperation with the government and some of it was not. When the government manipulated the constitution to prevent Kenneth Kaunda from running, which happened in

the middle of 1996, we and other aid donors decided to send "signals" that we disapproved of this "backtracking" on democratic processes. I helped to draft a statement which was approved by the NSC [National Security Council] and which announced that we were cutting off some of the project support to the Zambian Government. So that was an education.

Q: Did it have an effect?

STEPANEK: I suppose not. However, I was instrumental in convincing the aid donors not to provide budget support to the Zambian Government. Budget support was all cut off, and I take some credit for that achievement. In that sense all of our taxpayers were better off. Project aid continues, and the aid donors, as a group, watched the political situation very carefully. As you know, Kenneth Kaunda was jailed on Christmas Eve of 1996.

Q: Meantime, were the World Bank and the International Monetary Fund proceeding with the economic side of it?

STEPANEK: Yes, and Chapter 7 of my book covers more than you want to know about that. It's all spelled out. It was an "ugly story." The Bank and the Fund are concerned about maintaining stability and maintaining the flows of aid donor funds to maintain the debt repayments on schedule. It's not a pretty picture.

Q: Meanwhile, did we reinstate our balance of payments support to Zambia?

STEPANEK: No, and, to the best of my knowledge, there is no balance of payments support from any aid donor. I think that all of the aid donors agree that it's a pretty messy situation, created by President Chiluba. Meanwhile, project aid continues.

Q: What kind of projects were we continuing to support?

STEPANEK: In addition to support for democracy, we had an agricultural project to reform the agricultural program. We started a very major health, HIV/AIDS, and family planning program. That's an exciting story. It was done carefully and collegially.

Q: Well, what is the story?

STEPANEK: In the case of Zambia the story is a little like the story in Tanzania. We were "late to arrive" on the block. My predecessor had been caught up in the drought and the reform program and didn't have time and apparently not too much interest in the health program. I am an economist by training and not a Health Officer but I have always been sympathetic to that side of USAID's contribution.

Other people and I recruited Paul Hartenberger from the Latin American Bureau, who was one of USAID's best Health Officers. With Paul in the driver's seat we signed up major programs for AIDS, for family planning, and for health more generally. The Zambian Government had already mounted a

reform program affecting all aspects of health care in Zambia. It had recruited aid donors for this effort, and we were "late to the table."

So while I was in Tanzania, there were sensitivities of a somewhat different kind, but, nonetheless, there was great concern that USAID, with all of its "bucks," was barging into this area of activity late, grabbing all of its favorite pieces, and upsetting the apple cart with respect to all of the pre-existing agreements with the Tanzanian Government and with the other aid donors. In the case of Zambia, Paul and I made sure that that did not happen.

In fact, the other aid donors were "speechless" that we would be so genuinely "collegial" and so genuinely prepared to pick up programs where there was mutual agreement, without upsetting anybody.

Haven, I have to tell you one of my favorite little stories in this connection. I was struck by the fact that even USAID, which talks about ownership, sustainability, and collegiality, often pushes projects through the Global Bureau without ever asking a government official. So this particular, unsolicited proposal passed through the Global Bureau, was parallel with the major Zambian Government health reform program, which we were negotiating separately. It was a small request, but the principle mattered. So I went to the Permanent Secretary of the Ministry of Health and said: "We're working with you on this health reform program. We have this tangential effort. I am very interested in knowing what you think of it and whether we should change or modify it. What do you think?" The conversation came to an end, and the Permanent Secretary of the Ministry of Health just sat there, stony-faced. I thought to myself: "Oh, boy, I really misspoke this time." The Permanent Secretary then said: "Joe, you have to give me a minute to collect my thoughts. Nobody's ever asked me before for my views."

Q: You asked him what he thought?

STEPANEK: Yes. The sad truth is that the aid donors must be awfully "pushy," all of us. It's no wonder that government officials in Africa have a hard time getting on their feet and standing on their feet. This is an index of development.

In Indonesia you would not dream of "pushing" an Indonesian Government official. Today the first line and second line officials in the ministries in Indonesia have some depth to them. They are clearly in charge, and that kind of donor attitude never comes up. You wouldn't dream of "cooking up" a project without clearing it with the Indonesian Government. Sadly, it is a different situation in Africa.

Q: What were the pieces that we picked up in the population area? Was there anything very specific or special?

STEPANEK: I think that we handled a lot of training. We picked up decentralized health systems management and monitoring. I believe that it is true that the other aid donors welcomed us in those areas. They had seen USAID's strength in other countries and knew that that was what we were good

at.

In any event, the only thing that I know for sure and that I think counts is that everybody was smiling. In the case of the Ministry of Health the Deputy Minister eventually became the Minister. His name was Katele Kalumba. A medical doctor led the health reform process in the Zambian Government after the elections of 1991.

Q: This was truly a multi-donor approach?

STEPANEK: Yes, and it was led by the Zambian Government. So it was everything that theory tells us it should be.

Q: I see. And did they have the capacity to carry out this health reform program?

STEPANEK: Not initially, but, step by step, they built it. I'm sure that, behind the scenes, there is still heavy dependence on the aid donors.

Q: Does that include an HIV/AIDS component?

STEPANEK: Yes. That, in turn, includes a very large, private sector component. The private sector handles condom sales, advertising, and that sort of thing. It also includes the Zambian private sector in health, as well as Zambian traditional "healers." I thought that this was a very nice step. Not that we embrace traditional healing practices. However, these folks have rapport with the local communities and obviously have to be partners in this exercise.

Q: Were you also thinking of making reforms in the field of agriculture? Did I interrupt your thought?

STEPANEK: Yes, let me finish this comment on health reform. As I was leaving Zambia in October, 1996, there was some evidence from doctors and nurses that the rate of Sexually Transmitted Diseases was showing some signs of coming down, that the rate of HIV/AIDS increase was tapering off, and that family planning was starting to be accepted. So I think that we are seeing...

Q: Was HIV/AIDS as devastating as people predicted that it would be, in terms of "wiping out" a lot of middle management types?

STEPANEK: Yes. It's a "horror story" that one tends not to see. It's only now that the evidence of funeral processions clogging the streets makes an impact. In an office setting you see death notices which tell you that this or that person will no longer be there. Any business that has any sort of personnel plan today now has "back up" personnel in train. They just know that they have to have them.

Q: Did you also feel this in the USAID Mission?

STEPANEK: You recognize the names of FSN's [Foreign Service National employees] who have died. You occasionally visit them in a hospital and occasionally attend their funerals. We always passed the hat to raise money for their families.

Q: How about employing people? Did you have to have blood tests? Or didn't you ask?

STEPANEK: We had an USAID "test policy" for participants in our programs. I think that we had one for FSN's as well.

Q: You talked about reforms in agriculture.

STEPANEK: That's an example of possibly "getting in" too early. Within the Ministry of Agriculture the whole parastatal system of state control was being dismantled. However, the bureaucrats within the Ministry, the aid donors, and particularly the World Bank, had no "vision" or equivalent "concept" as existed for health reform. There was no Zambian official in this area, such as a Deputy Minister or Minister in charge of an agricultural reform program. The agricultural reform program suffered mightily for not having a "vision" of what was wanted.

The Ministry had the policies, because the reform program was "on track." However, that sector did not have a concept of what the new Ministry of Agriculture should look like, in a market economy. As a result, most of the bilateral aid donors were forever "kicking the hell" out of the World Bank, and for good reason. The World Bank was primarily interested in moving money. For once, the aid donors were primarily interested in "doing the right thing" to sustain the liberalization program. There was controversy over this situation when I was in Zambia, and there is controversy to this day. It will probably take a while to sort out.

Q: What particular issues were involved?

STEPANEK: Well, the core issue was whether the agricultural bureaucracy would be retrained and reestablished as it was, as the controlling influence on seed, extension, on "marginal lands," and so forth. The alternative was a "vision" that encompassed the Zambian Government working with private investors as partners or working with seed companies, for example. The government could work with foreign companies which were already there, growing roses, for example, or allowing farmers to be free to switch away from cultivating maize [corn] and into better, dry land crops. In short, all of the marketing reforms which have to do with an "agreement in principle."

Q: Did you bring up agricultural reform, or did you think that there wasn't much chance that anything could be done?

STEPANEK: To be honest with you, this issue was very troubling for several reasons. One was the lack of "vision." Another was the fact that our officer responsible for project work was a very bright but "difficult" individual. I found myself supporting the "brightness" but not the "difficulty." This was

very hard to do. Ultimately, I kept the officer on, though many people hated me for it and still do, to this day. The new policies just warranted "toughness," and so we were at an impasse, quite frankly. We were funding a very small project in which CLUSA, a well-known USAID supported firm, was trying to arrange "business extension" of commercial farming, on a "pilot" basis. That was about all that we were doing in this field.

We had a lot of money for this purpose, but it wasn't being spent. It is probably a good thing that it wasn't being spent. The avenues just weren't open and clear enough to warrant all of the "front end" costs involved.

I think that the other aid donors were "schizoid" on this subject. They were coming to support this kind of program but were not at all comfortable with the lack of leadership and the lack of "vision." Private investors, Zambian and foreign, were working to develop Zambian agriculture, and that much was very exciting. But it wasn't the kind of partnership that we wanted.

I'm writing about this in my book, Chapter 6 on African agriculture. Briefly, there has to be a ministerial willingness to embrace all actors. The idea that the Ministry of Agriculture can do it all, know it all, and control it all is just nonsense. Those days are long gone, and aid donors should not spend a dime supporting any such concept. Anyway, agricultural reform is a sad story and a great disappointment. If I had it to do over again, I think that I'd get a different officer to handle it.

The other penalty in all of this was that USAID was helping to fund "wildlife management." I was new to this field but had been active in wildlife management in Tanzania. This is a story that I didn't emphasize or mention in the section on Tanzania. In Zambia I inherited a program that I grew to like very much. It had to do with community management of wildlife, on a sustainable basis, so that resources obtained from hunting would be shared with the community. It's a long and involved story, filled with contention. The idea is sound, and it is now working out.

It turned out that my Project Officer didn't like this program, for reasons that I never understood. I was there in Zambia only two years. The question of this Project Officer's extension for a second tour was out of my hands, so I didn't get a chance to withhold my approval for his second tour. The concept was important, and I felt that it was worth sustaining. Africa has to learn to use its wildlife to best advantage.

Q: What was this project "shaped like"? What were we trying to do?

STEPANEK: It was a "regional project" funded out of Harare [Zimbabwe] and then Gaborone, with implementation and monitoring by the USAID Mission. The national parks of Zambia are surrounded by Game Management Areas [GMA's]. No hunting is permitted in the parks, but hunting is permitted in the Game Management Areas. Within these GMA's it is in the community's interest to regard wild life within them as a resource, so that they are used as a tourist attraction, both for cameras and for guns. The resources obtained from "hunting licenses" are "plowed back" into the country and into the communities, so that there is a personal "payoff" to village chiefs, to scouts, and to the citizens. This

money is used for salaries, as well as for schools, bridges, clinics, and so forth.

Africa needs a game management system, wherein the "off-take of game" is scientifically determined. And they're on the verge of doing that. Any particular Game Management Area will know that there are, say, two lions and three bucks of whatever species that can be "culled" per season, whatever the number is. The information available on this subject is very impressive. Translating this information into a working program is a challenge, all tied into satellite "imagery," game counts, and so forth.

Q: This process was just getting started while you were there in Zambia?

STEPANEK: It was started about a decade or more ago. The process is slow, in the face of corruption and poaching permitted by some government officials. It's been a real, tough slog.

Q: How was it working in Zambia, compared to Tanzania?

STEPANEK: It was working better in Zambia than it had worked in Tanzania. I grew very fond of the Zambian people. I could easily live there again. I worked on behalf of the FSN's to raise their salaries through promised State procedures. I also hired Zambians and moved them into senior positions. I enjoyed that part of my job in Zambia a lot.

Q: Zambia has been characterized as a country that's been dominated by its urban areas, to a large extent. In a sense, it's the most urban, African country because of the copper mines and all that. It required a form of social transformation to balance urban/rural relationships. Did you think that that was called for? Did Zambia begin to shift to more of an agricultural base and a broader, production base, rather than being dependent on the urbanized centers?

STEPANEK: That's interesting. I've never heard it phrased that way. It is clear that Kenneth Kaunda had decided that Zambia was going to grow maize [corn], or else. So the cultivation of maize was funded, lock, stock, and barrel by the national budget. Maize was grown, as THE crop to feed the cities, and farmers were really "civil servants." They were protected by input prices, marketing, procurement, and all the rest of it. That system is now being "liberalized" but also compromised. It is being privatized. Now you put the two together, and 50 years from now I would guess that there would be large scale employment in modern agriculture, as well as in value added from copper mining. If you're willing to give me 50 years, I would be willing to bet that both sectors will be dynamic.

It is true that Zambia is the most urbanized of all of the African countries. The "line of rail," which is the "code word" used to describe the urban zone between the copper mines and the capital, Lusaka, is where 50 percent of the population lives. However, I have to tell you again that when you are in Java [Indonesia], Dhaka [Bangladesh], or Calcutta [India], you have a vision of humanity that leaves no doubt in your mind as to what it is to live "cheek by jowl" with other people. You get to Zambia, and people say: "Well, it's 50 percent urbanized, and everybody lives along the 'line of rail.'" So you go to the "line of rail," and there is nobody to be seen. That visual comparison is pretty powerful stuff!

But I have to balance that story with another one, though. Just to change the subject for a minute,

there is evidence that the increasing tensions in Africa are all rooted in poverty and pressure on the land, particularly in Burundi and Rwanda. Behind the "genocide" that has taken place in Rwanda, there is intense pressure on land. My wife, Caroline, and I saw that for ourselves. Again, the comparison goes back to Java.

If you travel the length of the island of Java, you can see the pressure of that immense population on that relatively small island, which is forcing the cultivation of food crops higher and higher on the volcanoes. On almost all of those mountains the bases are planted, and the people are moving their way up the sides of these volcanoes. They may now be a third of the way up.

Well, in Burundi and Rwanda, as you may know, they cultivate the tops of every hill as far as the eye can see. That is the visual index of what the population pressure is like. So as much as Africa may seem to be "empty," there are parts of Africa where there is very great population pressure.

Q: So, is there anything else about Zambia that you want to say at this point? You finished up your USAID career in Zambia?

STEPANEK: I did. I left Zambia at the very beginning of October, 1996, just about a year ago. We took a long-planned trip through West Africa. We spent time in Abidjan [Ivory Coast] with Bill Pearson; in Bamako [Mali] with Joel and Abhaya Schlesinger; in Senegal, with Anne Williams and Gary Merritt. Gary had been the Family Planning Officer in Kenya who got that program going. Then we went to Cape Verde and spent time with Larry and Gloria Benedict. Larry was the Ambassador. He had been the Deputy Economic Officer in Dhaka [Bangladesh], at the very beginning of my career.

Q: How do you compare East and West Africa, from your observations?

STEPANEK: It was much too short a visit to say. Abidjan is clearly a bustling, metropolitan center, filled with foreign ethnic groups. In that sense it is more sophisticated and more dynamic than, say, Nairobi [Kenya]. I would imagine that it was equal to Johannesburg [South Africa] in some ways. We went to Timbuktu [Mali] and got a small sample of Sahelian problems. Dakar, Senegal, is culturally very rich and cosmopolitan, as well as very interesting to see. I came away from this visit with a strong sense that the agricultural systems are essentially "dormant." Nobody is really touching the potential of these countries. There is very little regional cooperation of any kind. The French have been quite a "curse" on these countries. Some day these countries will all break free. I spent entirely too much of my time seeing friends. We spent most of the time, sitting in the kitchen, talking about old times, rather than being out and about.

Q: You retired from Zambia?

STEPANEK: I had written ahead and had applied for grants in order to write. I didn't win any grants. However, I had written to IFPRI [International Food Policy Research Institute], and "out of the blue" they said: "By all means, you are welcome to the use of an office." So I've had two academic years at

IFPRI, writing furiously. I've taken on far more time than I ever imagined.

Q: What have you been writing about?

STEPANEK: I have a draft book composed of 10 chapters. The chapters are ordered by subject matter and not chronologically or in terms of my autobiographical experience in AID. I find that I can use an awful lot of the stories that have developmental impact to fill in the narrative and make it more credible. I'm trying to write as a "generalist" for a broad, American audience.

Q: About what?

STEPANEK: I will be happy to tell you. The first chapter is all introduction, setting out my purpose. The second chapter is about USAID in Washington and what that means both for our flexibility and the constraints under which we operate. The third chapter is a review of developmental theory and practice since the Marshall Plan [1948-1958 in Europe]. The fourth chapter is about the Bangladeshi agricultural story of the 1970's, written with the advantage of hindsight. The fifth chapter is about life "in the field," our presence, so to speak, and what it means to live and work overseas, instead of in Washington. The sixth chapter is about African agriculture and why it is so profoundly important for the future of Africa. Chapters seven and eight are about structural adjustment and democracy, mainly on the basis of what I had observed in Zambia. However, I believe that both chapters provide a generic story about the problems facing African structural adjustment and democracy. I find that, in most cases, the problems lie more with the aid donors than with the Africans. I have some pretty hard things to say about what donors do and don't do. The ninth chapter is about American training and advisory services for many parts of the world. They were a heroic success for Asia but a tragedy for Africa. Chapter 10 is about everything that I left out in previous chapters.

Q: Good. That's quite an undertaking. It's a very interesting concept. Obviously, we'll have to wait for the book. Let's take a few minutes, if you have the time, to talk about your more general views on aid, development, and so on. Is there any way of characterizing, from all of your experience, what you think works and what doesn't work in the "development business"? That's a big question, but could you talk about your approach to it?

STEPANEK: I felt, as I left Tanzania and Zambia, that USAID as an institution knows a great deal about development practice and administration. In the best of all possible worlds, in which USAID as an institution might have a greater degree of freedom than we have had, we could have done more but we still have a lot to offer to the poorer world. It's very sad that that capacity seems to be in the course of being dismantled, to some degree, if not totally. Even some close friends of mine say: "Joe, wake up to the fact that AID is dead, and that era is over." I think that the American people, even those who live outside the Beltway [i.e., outside of Washington, DC] don't know the AID story because we were necessarily caught up in the Cold War, in micromanagement, in "earmarking" funds, and in serving other, foreign policy priorities. This is all understandable. It's just unfortunate.

I feel that my own career in AID was a great privilege. I would do it again in a minute. I have very

few regrets. I'm very proud of the fact that our country has this kind of agency.

Q: How would you characterize USAID as an institution in the world development business, compared to other donors or sources of assistance? Is there anything particularly distinctive about USAID? You've hinted at some aspects.

STEPANEK: I think that U.S. foreign aid, since the days of the Lend-Lease program [during World War II], the Marshall Plan, and the "Point Four" program [technical assistance to the underdeveloped world] has stood out as an innovator, and we still stand out. We are still respected and looked to. When we are not able to measure up to our own standards, our absence is noted, and this is being noted by other aid donors today.

Q: What are some of the areas where USAID is particularly distinguished for the innovations which it has introduced?

STEPANEK: First off is the fact that AID people overseas are respected for their "open door" attitude, for candor, and for friendliness and constructiveness. We represent American culture overseas, in the largest sense. We have had a degree of authority that other, bilateral programs don't have. We don't always have the best officers in a given place and at the right time. However, more often than not, we handle our "portfolio" very well, not only in the project sense but in the sectoral and macro sense.

Notwithstanding problems back here in Washington with certain personalities, AID's health record overseas is a fine one. I learned early on in my career that if I invited in a team of health people, I didn't have to worry about its quality at all. By that I mean that the health team would probably have visited the country previously, would have been students and teachers of local counterparts, would have known the "story," and would have known how to work in a collegial sense.

I could not say that about AID agricultural projects. In my personal experience and for whatever reasons, AID's ability to build a constituency behind our agricultural portfolio never worked very well. In retrospect, I know just by observation that something was working very well during the days of the "Green Revolution" when we cooperated with the Ford and Rockefeller Foundations and with American universities and agricultural schools. However, for whatever reason this record didn't continue in later years. Not in Africa, anyway. Also, the work that I did in Bangladesh came from me. It did not come from the American agricultural tradition. It could have, perhaps, and should have, but it didn't. The pressures which I faced originated with the USDA [U.S. Department of Agriculture]. At the time I had few, if any, allies in this connection. Or maybe I just met the wrong people. I don't know.

Q: Were there other sectors, other areas in which you were involved?

STEPANEK: I think that, despite all of the biases in AID legislation, my impression is that our PDO's [Project Development Officers] do a good job of developing tangible programs. The locomotive procurement and road construction situation in Tanzania were handled, not only with great skill, but

with wisdom. We did some very fine things.

Program aid in general, though, is a mixed story. There were too many motives and too many undefined objectives.

Q: In your experience did you find that U.S. political and security interests supported or conflicted with the development objectives that you were trying to pursue?

STEPANEK: As I say in my book, I had the good fortune to serve in countries that were not strategically important to the United States. This was only accidentally the case, but I think that it let my predecessors, and then, later, me, focus on development more than we might have been able to do in other countries.

Q: Then why were we in these countries, if they weren't particularly important to the U.S.?

STEPANEK: They were important because of the AID legislative commitment. First and foremost, this commitment is to poor people in a poor environment. So when we are able to focus our energies, in the way that we have been directed to do, we focus on poor countries.

Q: So you consider that in U.S. foreign policy interests there is a genuine priority for development?

STEPANEK: Yes. I would say that it is "genuine." I would not say that it is always a "high priority." Again, Haven, I've been lucky in the very few instances when I have had differences with an Ambassador about a U.S. foreign policy interest, versus a developmental interest. I think that in almost all such cases the Ambassador decided in favor of the developmental interest. That was very gratifying to me.

Q: How did you find working in USAID as an organization?

STEPANEK: Well, I joined USAID in 1972, when people said that morale had never been lower. For the following 25 years people said much the same thing. I think that a lot of us learned to complain that morale was low. However, the truth of the matter is that we all "carried on." Most of us with great spirit, cheer, and enthusiasm. This was partly because we were overseas, but not entirely so. Even today I guess that most of the people here in this blessed new building are working hard. They like what they are doing and prefer to be there, rather than elsewhere.

Q: Do you think that the foreign assistance program has made a difference in world development conditions about which we hear so much? We hear what's wrong with the world, the crises, and so forth. Some people would say: "Well, what have you done with all of that money for all of these years if we have all of these crises?"

STEPANEK: That's the lowest of low "cheap shots." The truth of the matter is that most of that money has gone to serve U.S. Government priorities which are not about development. If you take

away that portion...

Q: Such as?

STEPANEK: Well, whatever country during whatever era you want: Central America, the peace accords between Egypt and Israel, base rights in Turkey, and on and on. Fishing in the South Pacific, Ireland, you name it. If you grant anybody the luxury of stripping all of that away, I think that AID has contributed very impressively to development.

Q: Where would you think that USAID made the greatest impact?

STEPANEK: I think that one of our greatest impacts was probably one of our earliest. That was American technical assistance to Taiwan and South Korea. We were the one assistance donor. They were in charge. We weren't "playing games." We were technical, not political. The policy was already decided. They were determined to develop their economies with our help. They wanted our help. They wanted us there. We wanted to leave at a fixed time. They wanted us to leave at a fixed time. Furthermore, both Taiwan and South Korea said "No" to food aid, early in their development period.

Successes in other countries come down mostly to training. Training in Indonesia and Turkey. Training and agricultural assistance in India. There were a lot of family planning successes, not just bilateral but involving the UN family of agencies. I don't know that anybody has looked at this, Haven, but it would be fascinating to figure out what the intellectual contribution of AID has been to WHO [World Health Organization] and the intellectual contribution of AID and the USDA, bless them, to the FAO [Food and Agricultural Organization] and to the World Food Program. It would be hard to sort that out, but there may be something there.

Q: I think that you can pick out certain development themes, which were the pioneering efforts, and how the HIV/AIDS program evolved with USAID assistance.

STEPANEK: There are some instances where we might want to take some credit and some where we don't deserve to take credit. That is in the case of East Asian and Southeast Asian adherence to market principles. This was probably very much of their own doing. Indirectly, we probably contributed through providing training, but not so much through other avenues. There have been no World Bank/IDA loans to Malaysia or Taiwan. There were no cases of a dozen aid donors arguing over "second order priorities."

Q: But do many of these countries continue to seek a technical or economic relationship with the U.S.?

STEPANEK: I think so. I think that there will continue to be a demand for our services, if we have the freedom to divide up our portfolio in a different way. In this connection I think of questions of good governance, taxation, expenditure controls, democracy, pluralism, and other, specialized subjects. We could play the role of an IESC [International Executive Service Corps], doing some of these activities

for a fee. I envisage AID being a "window" through which the poor and developing countries have access to the U.S. economy and the U.S. Government. We could provide some of these services ourselves but basically we would function as a "hiring hall" and referral service. We know how to "package" services. We know how to test demand. We know how to "target." We could do that with a very few field missions. There may be no demand for such services. The last thing we should do is to go looking for business. That is, looking for business a second, third, and fourth time in a given country.

We would obviously want to offer our services on the World Wide Web and be in touch with likely candidates. However, we should not be in the position of "pushing" our services.

Q: Well, what if some young man or woman came to you and said: "This international development business is all very intriguing. Do you recommend my going into it, or what's your advice to me?"

STEPANEK: I would say: "Grab the opportunity!"

Q: You think that there's an opportunity for a career.

STEPANEK: I certainly do. I still can say that. Yes, I do.

Q: Interesting. Well, do you have any other last thoughts? You obviously can add to this later.

STEPANEK: If you have more questions, I'd be happy to try to answer them. Sure, in terms of the highlights of my career, we've covered a lot of ground.

My book says a lot, but it doesn't say everything. Regrettably, I don't have the time or the knowledge to look at AID management under present circumstances. I think that it's important, Haven, because this "re-engineering business" cuts across the whole federal government. I also think that much of it is profoundly wrong headed. This subject deserves attention.

Q: Why is it profoundly wrong?

STEPANEK: Because it treats professional civil servants as automatons or drones, both in terms of respect, experience and with regard to technology. You're supposed to sit in front of screens and push buttons. I don't believe that that's what the American people want. I don't think that it's what the federal government must offer to a very sophisticated, American economy. The idea that we can be pushed into little boxes and face video screens all day strikes me as foolish.

Q: Then that's your way of understanding this process.

STEPANEK: However, I'm not trying to be all-encompassing. This is one aspect of what I see. To be fair, I know that there's more to it than that. Some of it's good, but I think that the negative side of this has hit USDA [U.S. Department of Agriculture] hard and the Economic Research Service hard. It has

certainly hit AID and EPA [Environmental Protection Agency] hard. I think that it's hitting other federal agencies and I think it's an idea which was "still born" at the beginning. It's been pushed by Vice President Al Gore and others. I don't think that it's taken us very far. To see Carol Peasley, for example, in an office that is one-third the size that an AA [Administrative Assistant] should have is contemptible, I think. I don't see putting AA's in boxes.

This goes back to the baggage which, I think, we all carry. This is much more a personal comment than something for the record, but I don't mind putting it on the record. You join the federal service and you carry this image that you're a public servant. Many people outside the federal government service consider that you're "on the dole," and your job is simple. The view is that the private sector is where the real challenge is. This couldn't be further from the truth.

Senior public servants have remarkably complex jobs. Nowhere in the private sector, except maybe at the topmost level, do you have people working under such complex conditions and such pressure. Private sector jobs are not nearly as complex and demanding as government jobs. I'm very proud of what I've learned.

Q: How would you compare USAID Foreign Service work with jobs in other government agencies, given the nature of USAID's mandate?

STEPANEK: Well, maybe I'm just being "provincial," but I think that it's more complex, because we are all "multi-cultural." That's a new factor. And not by comparison with the governments of poor countries and their citizens but Embassies, which have different agendas built right in, cheek by jowl. So you have tensions that other kinds of corporate forms don't have to the same degree. I suppose that the Bureau of Indian Affairs [in the Department of the Interior] would say: "Well, we've got to deal with Indians and with state governors, and there are tensions there." That's understandable.

Q: Well, let's stop there. It's been a very interesting interview?