William S. Gaud Oral History Interview – JFK#2, 02/21/1966
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(1907 - 1977) Assistant Administrator, Bureau for the Near East and South Asia, Agency for International Development (1961-1964), discusses White House meetings regarding foreign aid, aid to various countries in the Middle East and Southeast Asia, and general policy regarding foreign aid, among other issues.

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Oral History Interview

Of

William S. Gaud

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William S. Gaud – JFK #2

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Second Oral History Interview

With

William S. Gaud

February 21, 1966
Washington, D.C.

By Joseph E. O'Connor

For the John F. Kennedy Library

GAUD: According to this list here, I was at the White House on January 11 to see the President [John F. Kennedy]—that is to say, on January 11, 1962, and then on January 15, 1962. I don't know what the January 11 date was about. I do recall that I was—my recollection is at any rate; I think I am right in saying it—that month I saw the President three times. I was in three meetings. And the reason that I say this is that Fowler Hamilton was away, overseas then, and I was Acting Administrator. Frank Coffin [Frank M. Coffin], who was the Deputy, was also overseas so that I was Acting Administrator, and I was at three meetings at the White House. The one on January 15 was on Yugoslavia. There was one that month on our policy toward India and Pakistan which was a large meeting, more political than foreign aid. And then also that month—I think it was that month—there was a meeting at the White House at which the President was considering the question of military aid for a number of countries: Iran, Pakistan, Turkey, Greece, Korea, Taiwan, and I believe that I have omitted one other country, I am not sure, the basic question of what our general policy ought to be with respect to military aid and economic aid. Those three meetings all came off at about that time, as I recall it.

O'CONNOR: On that particular meeting about Yugoslavia, did that deal at all with the question that was eventually going to be debated by the Senate as to whether or not the President or foreign aid missions should be permitted to

give aid to communist countries, Yugoslavia and Poland in particular?

GAUD: Not directly, no. It was really a question of how forthcoming we should be in giving aid to Yugoslavia. We had been, up to that time, not only selling PL 480 food to Yugoslavia, but we also had been making loans to them. And we also had a technical assistance program towards Yugoslavia. And the basic question was one that came up between the State Department and AID: Was Yugoslavia well enough off now so that she didn't need to get aid on concessional terms, or should we continue with our aid program? We, in AID, felt that Yugoslavia had reached the point where she didn't need any further concessional aid from us. The State Department felt that it was to our advantage to continue more aid.

O'CONNOR: This was for political reasons?

GAUD: Well, political reasons—yes, sure, yeah.

O'CONNOR: What was the President's position on this particular question, do you recall?

GAUD: My recollection was that the decision was somewhat of a compromise, but we in AID were reasonably well satisfied with the way it came out. If not then, certainly very shortly thereafter we did cut off any aid to Yugoslavia other than PL 480 on Title IV terms.

O'CONNOR: All right. You may go on to some of those other meetings, if you want.

GAUD: Well, as I saw, I can't necessarily place them with the dates. There is a meeting here in March, 1962, that is referred to, my going over there with Fowler Hamilton. I don't find any reference to that.

O'CONNOR: Maybe that is one of our mistakes.

GAUD: Well, I don't know. It may not be, but at any rate, I don't find any reference to it here. But there were a number of times when we went over to the White House with Fowler Hamilton, he and several others from AID. The purpose of the meetings, as Fowler Hamilton saw it, was to report to the President on the foreign aid program. His theory was that every now and then he owed the President the obligation to go over and discuss how we were getting along, and tell the President generally what we were doing and discuss any problems that came up. This happened several times, and this may have been one of these meetings.

I must say, with all due respect, this just didn't work out well at all. These meetings did not work out. We were just too likely to get bogged down very quickly in one or two specific propositions. Fowler's intentions were good. He felt very strongly that he ought to

take his staff over there and give his staff an opportunity to talk to the President and vice-versa, but it just didn't work out. It didn't work out, to be blunt, in these two cases that I can think of, largely on the account of Moscoso [Teodoro Moscoso], who brought up specific things that were bugging him. One of them was that he didn't have enough secretaries. Damned if the whole meeting wasn't devoted to how the hell you are going to get Ted Moscoso more secretaries. Another time, we went over there and first thing, the President was unhappy because we weren't making more progress in the Alliance for Progress, things weren't moving faster. And Moscoso's complaint was that he didn't have enough contract officers. So we spent a good part of the meeting discussing whether the other parts of the Agency should turn over to Moscoso more contract

officers. Now, neither of these questions had been discussed with anybody before we got over there. Moscoso just brought them up out of the blue, and, for my money, it was a hell of a way to run a railroad. And the rest of us, I may say, were pretty goddamned fed up.

O'CONNOR: Did the President seem to favor, or did he take a greater interest in, for instance, the Latin American AID programs than he would have in Far Eastern or Middle Eastern or South Asian AID programs?

GAUD: I don't think so. I don't think so. Certainly, I never felt that he showed any lack of interest in the foreign aid programs in my part of the world, which was the Near East and South Asia. A number of times, for example, he telephoned me directly on India and Pakistan affairs having to do with the AID program. He was obviously very much interested in India and Pakistan and, I think, generally in other things that came along. The Alliance for Progress was very important from a political standpoint. He was very much interested in it, but I don't think, by any means, his interest was limited to that or that he particularly favored that.

O'CONNOR: All right. I should have asked you when you mentioned the meeting, when we began this discussion, about the question of military aid to various countries. You named some of those countries. Would you elaborate at all on what those meetings were about in any greater detail, or what the President's stand was on military aid to some of these countries?

GAUD: Well, the President didn't take any particular stand. The issue—there were some people (and I was one of them) who felt that the military aid programs to a number of these countries that I mentioned was just too damn large, that the force goals which those countries had were not realistic, that we had gone much too far in trying to supply equipment for artificial force goals (those, for example, that were set by NATO [North Atlantic Treaty Organization] for Greece and Turkey), that Korea had too large a military force, and that we were putting too much emphasis on economic aid to some of these countries. We were trying

to be fairly tough, in as far as the economic aid program was concerned—insistence on self-help and performance and the like. And yet, in some instances it seemed to some of us that we were cooperating with these countries in supporting military forces that were much too large for them, too large in terms of what their economy could support. And it just didn't make any damn sense to be much too liberal with the military thing and, thereby, impose a greater economic burden on the country. So a good many people thought that the military aid programs and the economic aid programs ought to be brought more in step with each other.

The purpose of this meeting was to discuss a proposed memorandum to go out from the President or from the National Security Council to review some of these programs, and to review them in relation to the economic aid programs in these countries. That was the issue. There was a great deal of feeling on the part of the Joint Chiefs of Staff and some others who were there at the meeting that this was all a lot of goddamned nonsense. Of course, a good many of us took the other point of view. Over the years, I think we have made a lot of progress in bringing the two programs much more in step.

O'CONNOR: Can you think of any specific people or was this the general attitude on the part of the Joint Chiefs of Staff?

GAUD: You mean who were against this?

O'CONNOR: Who were particularly strong for military aid, who were particularly strong for not reducing or not bringing more into balance…

GAUD: The military weren't particularly interested in the economic effect of the military aid programs. They just were arguing that, by George, these force goals make sense, and we have to try to subscript these people up to these force goals. I have forgotten who the Chairman of the Joint Chiefs of Staff was at that time, but he took what I would call a strong NATO view: that NATO had fixed these goals; that they had not been fixed by Turkey and Greece; that they had not been fixed by us; that these were international goals, and how could we fail to try to live up to them. We just had to. This didn't satisfy some of us.

We certainly felt very strongly in AID at that stage that the United States was not speaking with one voice with respect to—well, let's take Greece and Turkey, and let's take Greece in particular, as an example. Since 1961, '62, early '63, perhaps, I think we have made a great deal more headway in speaking with one voice. At that time, one of the burning issues—did you not ask me the other day about burning issues in my part of the world in the aid program at that period? One of the burning issues then was when the hell were we ever going to cut off economic aid to Greece. We in AID felt that the time had come for that—that the Greeks no longer needed concessional aid. The people in the State Department, in the Bureau of the Near East and [South] Asia, did not feel this; they didn't share our view at all. They felt that largely for psychological and political reasons we had to continue to support the Greeks and do more for them, that their political and economic situation was fragile, and

that their political and economic situation was fragile, and that they would lose confidence in us. They would collapse if we didn't continue to support them with economic aid.

[-35-]

Closely related to this was the question of how much military aid we should give them in addition to hardware; because at that time—this is much less so today, but at that time, military aid consisted of commodities for the economy as well as military hardware. Oil, for example, could be furnished by the military, and there were other items of this sort that were furnished by the military which were made necessary by the fact that these fellows had too large a military force for their economics to support. So, the issues was what should we do for them on a pure economic aid side and how much assistance should be furnished by the Defense Department in addition to hardware. We were very much hard-liners on this in AID. The State Department was not, and the Defense Department was far more liberal than we were inclined to be. And then, our representatives in NATO, both the NATO military commander and the Ambassador to NATO, Finletter [Thomas K. Finletter], were all for giving these guys a lot more than we thought they should be given.

I saw we didn't speak with one voice. Perhaps that is not an accurate way of putting it. Certainly AID was having a hell of a time selling its position. But once we did sell that position—and we did—once this position was adopted here in Washington as the government view, when we sold it to the Secretary [Dean Rusk], when we sold it to the President, it still wasn't accepted with any great enthusiasm by some people in the State Department. It certainly wasn't accepted with any enthusiasm by our people in Paris who openly opposed it. And we had a hell of a time.

O'CONNOR: You mean by our people in Paris; our NATO people in Paris.

[-36-]

GAUD: NATO people in Paris, that's right. The business of cutting off aid to the Greeks was a very long and painful process. Today, I think things are better. There is more understanding on both sides. We work much more closely together now than we used to. We cut off aid to Taiwan back here a year ago without any particular problems. We have done the same thing in other cases, but the Greek case was one of the early cases, and that was a very tough one.

O'CONNOR: Did the problem of the potential use by Greece of her military forces against Turkey in a situation evolving out of the Cyprus question enter into this particular debate?

GAUD: No, it did not. This was a possibility, of course, that everyone was aware of because Cyprus was there, and it was a potential danger spot. But the feeling was that we really had no alternative but to supply Greece and Turkey with military assistance in order to meet the threat from Russia, in order that they could discharge their obligation as members of NATO. And you just sort of had to cross your

fingers and pray that the Cyprus thing would not work out in such a way that they would be at each other's throats. And not only pray, but obviously to use whatever powers of persuasion and diplomacy were open to you. No, this was an obvious possibility, but it never deterred us. We took a calculated risk, if you will, furnishing military equipment to both countries.

O'CONNOR: Well, that problem, in a different form—or somewhat in the same form almost—arises in various sections of the world.

GAUD: That is right.

[-37-]

O'CONNOR: It arises between India and Pakistan. It arises in the Near East between Israel and Syria…

GAUD: It arises in Ethiopia and Somalia. It arises between the Arab nations and Israel. Of course, we don't supply military equipment. I have to take that back. It is only very recently that we have supplied any military equipment in Israel. We have not supplied any military equipment to the Arab countries except for Jordan and Lebanon who are the two least explosive on this issue of the Arab states. But you are right. The issue does arise. It arises between Ethiopia and Somalia. It arises in various countries in Latin America. I hope in a somewhat less serious form, but you can't be sure.

O'CONNOR: All right. Would you care to go on to some of those other meetings?

GAUD: Yeah. There is another meeting here on March 22, 1962, with Professor Mason [Edward S. Mason] of Harvard and Phil Talbott [Phillips Talbott] and I. My recollection is that this was—I don't recall, but I think this was before Ed Mason went to Cairo to see Nasser [Gamal Abdel Nasser] and to talk to him about his development plan. It may have been after his visit, but I rather think it was before his visit. You are going to have to check this for the record, but, in any case, Ed Mason knows Nasser, knows Egypt, quite well. Thoroughly familiar with what is going on in the U.S. Government, he is a member of our General Advisory Committee on Foreign Aid, and for a number of years, he has been a member of the Advisory Committee on Economic…. Well, I forget what it is called now, but, at any rate, we have another committee consisting of economists who advise us on economic problems. He has been very much in the AID picture for some time. And he went out to the UAR [United Arab Republic] to try to size up what is going on from the Egyptian standpoint of economic development. Nasser…. Did his development plan make any sense? How serious was he about carrying it out? Was there anything that we could do to help?

[-38-]

This was well before Nasser went into Yemen. This was a period when we were making loans to Nasser in addition to sending his PL 480 food. It was in a period of some six months or more, I guess, when it looked as though we were going to be able to do business with Nasser, that he was going to devote himself to his internal problems and that it was going to be worth our while to enter into a fairly serious aid relationship with him. And the purpose of sending Mason out there was to size up the situation, take the pulse, and see if we could do anything in terms of helping him with his planning, giving Nasser more advice, whether we could influence the direction of his planning, and this sort of business.

Mason came back with a report that wasn't too damn encouraging. The development plan that Nasser had worked up was too optimistic. There was too damn much money being spent for consumption. He really wasn't doing nearly as well as he should be in terms of handling his economic affairs. So we resolved that unless we could get a better handle on the situation, we ought to go slow. We didn't get the better handle. He went into the Yemen and did a number of other things that the United States objected to from a political standpoint. It became more and more apparent that he was not going to make a serious effort to deal with his debt burden, his economic problems. We never made any loans to him after those which we committed ourselves to make in the summer of 1962. I don't recall that the President had very much to say at that meeting. It was more a matter of his listening and asking questions.

Now, there are a couple of other meetings here on March 30, and April 9, 1962, then two more on April 12, and 13, which all had to do with the visit of the Shah of Iran [Mohammad Reza Pahlavi]. The first two, I think, were before he came, and the next two were meetings at which the Shah participated. Of course economic aid was very much on the agenda; so was military aid. As far as economic aid was concerned, we all felt then and feel now that the Shah hasn't really as complete an understanding as you would like of the importance of economic problems. He is much more interested in military problems and his army. The effort has always been to get him to address more seriously his problems of economic development, the problem of agriculture, the problems of land reform, a whole host of problems. He's in a rather enviable position, in a way, from his standpoint because Iran has a very large income from her oil and is much less dependent on aid from the outside than most underdeveloped countries. That gives us less leverage than we have, as far as economic aid is concerned, in many other cases. But, at the same time, up until the middle of 1962, we had been giving Iran a fair amount of economic aid.

We began to reduce the amount of our aid very considerably in 1962, and I think it was in May or June of that year that the Prime Minister of Iran [Ali Amini] resigned, citing a rather curious ground—citing as the ground for his resignation the fact the U.S. Government wasn't giving Iran enough aid. He couldn't make the grade. That was really, you might say, the end of the period in which we gave Iran very much aid. So, when the Shah was over here, the effort was to persuade him that he ought to pay more attention to some of these economic and social problems, and at the same time, we were not prepared to make a larger investment of aid in Iran. So, it was a rather ticklish business. We didn't have as much to bargain with as we might have had under different circumstances.

On the military side, we felt that the Shah's army was too large, that it should be reduced, and we wanted to make a bargain with him that we would give him military aid only on the condition that he would reduce the size of his forces and the like. And this was done. The groundwork for that was laid when he was here in Washington.

O'CONNOR: Did you subsequently see any progress as far as attempts to convince the Shah to increase economic programs or land reforms or things of this sort?

GAUD: Some. As far as land reform is concerned, yes. We had been working on the government of Iran for some time on this business of land reform. He himself, prior to the time he was here, started distributing some of his own land to the peasants. We made very little progress on land reform, then all of a sudden, more or less out of the blue as far as we were concerned, the Shah announced his own land reform program. I think that was in '63; it may have been in late '62. And it was a fairly broad-scale attack on the problem, not terribly well thought out, but it was his. It was Iranian; it was Persian, as they said. It was their own home-grown product and it has been reasonably successful in the way it has been carried out. So as far as that's concerned, that step was taken; and it was taken fairly successfully.

As far as other matters are concerned, no, we never really got very far with the Iranians. We still have an AID mission in Iran. We are carrying on a few technical assistance programs there, not doing a great deal. But, again, about a year after this visit—perhaps less, probably about a year after or beginning about then—the Iranians, as far as their economic planning and economic reforms are concerned, went through a period of rather intense nationalism: fired or got rid of many of the American-trained economists, planners who were working in their Government; started paying much less attention to us; started doing things on their own rather than because we asked them to or told them to. Today the pendulum has begun to swing back a little bit more in

the other direction, more toward a normal state of affairs, you might say. But I think it would be only fair to say that we have had relatively little influence on Iran and Iran's development in the last two or three years.

June 21, another meeting. Two more on July 6, and November 19. I just don't know what there are; I haven't any idea. Maybe one or more of them is the type of reporting meeting that I spoke of earlier. Now, we have a January 11, 1963, a meeting with Phil Talbott and Amjad Ali [Sayed Amjad Ali], who was former Ambassador from Pakistan. The purpose of the meeting was to let Amjad Ali deliver a letter from President Ayub [Mohammad Ayub Khan]. Back in 1959 or 1960, under the aegis of the World Bank, an arrangement was worked out and the Indus Treaty was signed.

There had been a threat of war for a number of years between India and Pakistan over who was entitled to how much water in a number of rivers that run partly through both of these countries, the Indus River and a number of others. And this was a very hot issue. In a

sense, it was a kind of a Kashmir issue between these two countries. An arrangement was worked out under the aegis of the World Bank whereby India was entitled to draw a certain percentage of the water of these rivers. And to compensate Pakistan for this, the World Bank and half a dozen or eight other nations, (including the United States) agreed to construct certain public works in Pakistan, dig canals, build reservoirs, build dams which would replace for Pakistan the water that was going to India from the settlement. It was largely a matter of replacement. It was also, in part, a matter of development, giving them something in addition to what they had lost. This was a very fair and sensible settlement of a rather explosive issue.

The costs of this were very substantial. I have forgotten the exact figure, but it was well over a billion dollars. The foreign exchange costs of this were financed by the World Bank, by ourselves, the Germans, the British, the Australians, the New Zealanders, the Canadians, and others I can't recall. Did I mention the French? I don't think the French were parties to that. I have forgotten at the moment, but at any rate, there were six or eight nations called the "Indus Club."

As time went on, the rising costs of these works cost a hell of a lot more than anyone originally had suspected. So, we finally reached the point where it was perfectly obvious that the amount of funds that had been subscribed by the members of the Indus Club would not do the whole job. The question was, what to do? The members of the Club got together and agreed on how they'd like to work this thing out. They were prepared to put up additional money to do what seemed to them a reasonable job by Pakistan. Pakistan was not satisfied with this. They wanted more and made quite an issue of it.

George Woods [George D. Woods] (then the President of the World Bank) went out to see Ayub at least once, I think twice, on this issue. And everyone ultimately agreed on the limit beyond which we couldn't go. In particular, Pakistan wanted us to build a dam called Tarbela which was a very expensive proposition. Nobody was entirely sure whether it made sense. It had not been engineered. And the Indus Club was not prepared to undertake a firm commitment at this time, in early 1963, to do Tarbela Dam. All of us resisted it.

This particular meeting was one at which Amjad Ali presented the President with a letter from President Ayub requesting that the United States support the Tarbela Dam proposition which, as I say, we refused to do, and which we did not do, and which we have not yet done. This was a matter of great importance to Pakistan for several reasons: One was that the amount of money that she got under the Indus Treaty was above and beyond the amounts that were pledged for her development under the Pakistan consortium which met every year and supported Pakistan's development plan. So the more money that she could get from the Indus Club, the more money she could get apart from the amount that she could

normally expect from us or from the other members of the consortium. This was extra, free money, and it was very important to her for that reason. And then also, Tarbela was in what

you might call Ayub's home district, and that project was very close to his heart for that reason. And he tried very hard on it, but he did not succeed in getting it.

There is another meeting here on January 18, 1963. Your notes suggest that the Ambassador from Afghanistan [Mohammed Hashim Maiwandwal?] was there. I don't recall when the King of Afghanistan [Mohammed Zahir Shah] was over here. It may have been the time, but, at some point, in 1963, the King of Afghanistan did pay a visit to Washington. And, of course, he called on the President, and I was there. This was a little harder than some of the other meetings that the President had that I attended, at least, because the King didn't talk any English. So, the President had to deal with him through interpreters which, of course, is not nearly as satisfactory as otherwise. On a number of other occasions, when I saw the President with the Shah of Iran or with someone else from overseas—well, hell, you could sense, feel almost, them get together; a very close, satisfactory communication was established. But it is much harder when you are dealing with people who can't speak the same language and have to work through interpreters.

O'CONNOR: Well, people often say that President Kennedy had a particular ability for achieving a rapport with leaders of nations from the Middle East, particularly, and Africa. Would you uphold that or would you…

GAUD: Well, I never saw him with an African, but certainly I would say that this was true of the people that I saw him with. Yes, I think that is very definitely true, certainly my impression.

Which reminds me, one of those meetings in here I have forgotten. One of these meetings, probably one that I passed by, was with Archbishop Makarios [Makarios III] from Cyprus. I don't' recall exactly when he was here, but it was in 1962. And there again was an example of a meeting where it seemed to me the President and Makarios were hitting it off pretty well. I must say that I, and a good many of us, didn't have much faith in Brother Makarios. And we wondered what it all amounted to. But nevertheless, superficially at least, it was a very successful conference. Makarios seemed agreeable to everything that the President was interested in. Cyprus is a neutral nation, and I remember Makarios saying something to the effect that there were a lot of nations that claimed to be neutral but leaned to the bloc. His ambition was to remain neutral and lean to the Free World. He put it much better than I am putting it now. It was rather nicely put.

I can't recall anything particular that happened with the Afghanistan business. The King of Afghanistan made a great impression upon all of us when he was here. He, too, is a neutral and he is in a tough spot—his country being where it is geographically. But I think we all felt that his dedication to neutrality was real; that his interest in wanting more Western influence in his country was real, and his constant urging that we do more and more for them in the field of education, bring more and more of his people over here to be educated, this was real. This was very worthwhile conference, I think, when he saw the President.

O'CONNOR: How about the problem of land reform in Afghanistan? I would imagine that would also be a…

GAUD: No, no great problem.

O'CONNOR: Oh, really?

[-45-]

GAUD: No, because there are no great landowners in Afghanistan. It is a very different situation. Well, there are some, but generally speaking, this is not a problem.

O'CONNOR: I see. I didn't realize that.

GAUD: No, it is not a serious problem there at all. Afghanistan is much more of a tribal situation than a large landholding situation. Education is a real problem there. There are very few people who are literate in Afghanistan. There was no democracy; of course, there is not democracy there today, really, in our sense of the word. But a year or so after the King was here, there was a change of governments in Afghanistan. They passed an edict or a law or whatever you want to call it that the members of the royal family could no longer serve in the cabinet or in the government, which was quite new. And they drafted a new constitution. They set up a new parliament. The members of the parliament were elected by as close to universal suffrage as you could get in a place like Afghanistan. They are doing a pretty good job with damn little to work with in this respect.

There are two other meetings here in April, '63, and in August, '63. The April '63 meeting is tagged in your notes as an "India meeting." I don't know what that is. And the August 16 meeting, I don't' know what that is either. So, I'm sorry, I don't do very well with these meetings.

O'CONNOR: Well, that is all right. That is all the information we have on those particular meetings, and I really regret that we are not able to get a little bit more. [Pause] All right. Have we come to the end of those?

GAUD: Yeah.

[-46-]

O'CONNOR: Another of the things that I wanted to talk to you about…. And again, I remind you that you can call a halt to this anytime you want to, depending upon the time you have. In January, 1962, a special commission for counterinsurgency was set up, and this commission included the 5412 Committee, a commission that was supposed to oversee the CIA [Central Intelligence Agency], as I understood it, plus Robert Kennedy, plus Edward R. Murrow, plus the head of AID. I

wondered if you were involved with all that? That later became the Mongoose Committee, I think it was called. I wondered if you had any connection or any involvement with that Committee or with the products of the Committee.

GAUD: I take it that this is what is now called the Special Group, CI?

O'CONNOR: I don't know what its present name is. I got from another transcript that its name changed from special commission for counterinsurgency to Mongoose Committee, or, at least, it was referred to as the Mongoose Committee.

GAUD: I never heard the term "Mongoose Committee." There is a committee that is in existence now called the Special Group, CI, Special Group for Counter-Insurgency. This was formed—I don't know whether it was in January, 1962, or not. Offhand, I would say that it was later than that. I just can't place it that closely.

O'CONNOR: Well, the object of this Committee, as I have it listed here, was essentially to study and to give greater emphasis to the problems of counter-insurgency, how to meet these problems and what problems there were to meet, really. And, specifically, certain countries were named where this problem was more important than in other countries, and among those countries named, of course, was the country of Iraq, for example, and all the countries of Southeast Asia, really. And I thought perhaps you would have had some direct contact with this Committee or perhaps did some of the studies, or were involved…

GAUD: Well, it sounds very much like the Special Group, CI, and that is a committee that is in existence now. I don't know how long it has been in existence, but I sit on it fairly regularly for Dave Bell [David E. Bell], and I have to go to it more often than he. I never had any contact with that Committee until I became Deputy Administrator, which was in February, 1964.

O'CONNOR: Yes, that takes you out of the Kennedy years.

GAUD: That is right. Now, I am aware of what was done by President Kennedy and the Attorney General in the counter-insurgency field. And I knew that they gave a hell of an impetus to the study of counter-insurgency and to setting up schools to indoctrinate our own people in this subject. And also, as a result of what they did, our own public safety programs, police programs, have been greatly enlarged. Our awareness in AID of the problem has been increased, and I think, government-wide, this whole business of responding to the threat of insurgency and trying to prevent insurgency…. This was pushed hard by the Kennedys, and a damn good thing, too.

O'CONNOR: Well, in connection with counter-insurgency, I usually think of actual military organizations or the CIA, for example. I wasn't aware that AID would play such an important role in counter-insurgency, and I wonder if you would elaborate on the role that AID did have during the Kennedy years or subsequently as far as that goes.

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GAUD: We have our public safety programs in a good many countries which are obviously connected with counter-insurgency or with insurgency in many countries. Take, for example, Venezuela, which has always been and still is under the threat of communist uprising and revolt and so forth and so on. Back, a couple of years ago, before the last election in Venezuela, the Communists in Caracas set out, in effect, to eliminate the police force, shoot them, kill them, get rid of them. We sent several people down there, partly to do training, partly to better communications, partly to unify several police forces into one—these are reasonably obvious things to do—creating a single control center for the police force. We managed to help the Venezuelans to greatly strengthen their police force and strengthen their capacity to resist the sort of business that was going on. The result was a vast increase in the capability of the police force, and they managed to beat the attack on them. The result was that the election went off on schedule resulting in a victory for what we considered the democratic side. Ever since then we have continued to work with the police force in Venezuela, and it is a much more effective organization than it was before—able, from the standpoint of intelligence to find out what is going on, and then able to respond to that.

In Latin America, as in many other countries of the world, you have two problems in this respect. You have the problem in the urban centers of having an effective police force to keep law and order in the normal sense and then, also, to find out what the hell is going on and deal with it from an insurgency point of view. In addition to this, you have got the problem of insurgency, or insurrection, or unrest, or banditry, or whatever you want to call it in the rural areas. Our police programs, our public safety programs, are directed at both of these problems, increasing the capability of the police forces in the developing countries to deal with problems both in the cities and in the rural areas.

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Of course, we don't work on this alone. The CIA is also involved in the picture. The military is also involved in it to a degree also in some countries. But we have got a number of public safety programs, and some of them have been quite effective in countries such as Vietnam, Laos, Thailand—Northeast Thailand, in particular, where you have a more immediate and direct threat. We have very substantial public safety programs: training police, building the police force, training them in matters of intelligence, matters of communications, training them in resource control.

In Vietnam, for example, there is nothing to stop any Viet Cong or representatives of the Viet Cong from walking into any store in Saigon and buying drugs or some other commodity and then delivering them by one means or another to the Viet Cong. How the hell

are you going to stop this tremendous drain of goods from normal commercial channels into the hands of the Viet Cong? Only by setting up some sort of resource control, having control boats in the rivers, by having some sort of supervision of the highways, by having a thoroughly effective, if you can develop it, intelligence staff to find out who the hell is in the business and how the hell it is being carried on. We are doing a lot of this sort of thing and training the Vietnamese to do this sort of thing, helping them to do this sort of thing in Vietnam. In some countries narcotics control is important, giving training programs in this area. Customs. Improving the customs capabilities of these countries….

Our public safety programs work all across the board. In addition to the training that we undertake overseas, we have set up here in Washington an international police academy. Well, we have two schools, really. One is for lieutenants, fairly low-ranking members of these foreign police forces in the developing world: lieutenants; captains and the like; inspectors; sub-inspectors; deputy inspectors. Then we also have a senior academy in which we train high-ranking people from the police force overseas. We put them through a twelve-well course in each case. We have one school purely for police officers from Latin American countries. The school is conducted in Spanish. This has been a very successful operation.

O'CONNOR: You mentioned the success of it in Venezuela. Would you comment on the success of it in Southeast Asia, particularly in Laos and Vietnam?

GAUD: We are working there. We have done a lot there to help build up the police forces. I can't give you a dramatic illustration such as the one in Caracas, but we have greatly helped in greatly expanding the police forces of those three countries. We feel we have made them much more effective than they were before. We are still working with them. We are far from completed our building-up programs, but in many respects I think we have been pretty successful.

Now, the public safety program is the obvious, perhaps the first, program you think of when you talk of AID in connection with counter-insurgency, but there are other programs that are equally important: Youth programs, trying to identify young leaders and the like in these countries, the guys who will be running the country five, ten, fifteen years from now, a generation from now, trying to identify these guys and expose them to American ideas, American ideals, bringing them back here for training or for tours or what have you; working with them in their countries. The work that we do with the universities in many of these countries is directed toward this sort of thing. And then, if it comes to that, if you want to take a broad view of programs that deal with this problem of insurgency, you might say that all of our rural development programs, preventive programs, are trying to get hold of a situation which might result in insurgency and prevent it from happening. Cure the conditions which are likely to lead to an insurgent situation. Give people more food. Give them a better education. Give them an opportunity. Give them effective local government. Get them interested in their central government. Get them to identify with their central government. Bring them into the money economy.

We are carrying on, for instance, in Northeast Thailand—a place where China has made no bones about the fact that they are interested in moving in there—we have been working for several years on an accelerated rural development program there and trying to get in ahead of the communists, to eliminate or at least to improve the conditions which will make these people dissatisfied and want to move against their government. We have a very large program in Northeast Brazil which is a very distressed area, if you will, where you might well get this kind of development. Anywhere we are carrying on rural development programs, you might say, certainly in a broad sense, there are counter-insurgency programs.

O'CONNOR: The problem is most acute, of course, in Southeast Asia I suppose, and I wonder if…

GAUD: Well, it is more acute today in Southeast Asia, yeah.

O'CONNOR: Yeah, I guess that is so. I am beginning to get my chronology a little mixed up perhaps, but I was wondering….

GAUD: The fire has already broken out there.

O'CONNOR: I was wondering, aside from the public safety programs, what specific programs were undertaken in Southeast Asia, in particular in Laos and Vietnam where the fire is already burning as you say, and whether or not these programs (and as far as that goes, a land reform program might be considered a counter-insurgency program) ran into opposition on the part of officials representing various departments in this Government. For instance, CIA officials or Defense Department officials who felt this was not the thing to emphasize in this spot at this time. Did you run into this sort of opposition at all?

GAUD: No, I wouldn't say so. I don't think we have had much trouble in the Government on this sort of thing. No. I think that, by and large, the Special Groups, CI has performed a very useful function in coordinating the activities of the various Government agencies in this field and in providing a discussion place for working out mutual problems, for drawing people's attention to problems, speeding up their solutions, this sort of business. No, I don't think we have had the kind of problem that you speak of.

O'CONNOR: Well, do you have anything more to add on the participation of Robert Kennedy, for example, or John Kennedy in the direction of Special Group, CI or interest in Special Group, CI?

GAUD: Well, as I say, I wasn't in on the beginning of them. But my very strong impression is that it was they themselves, the individuals personally, who were responsible for this, and they continued to have a very real interest in it. I know that Bobby Kennedy did as long as he was Attorney General. He used to come to the meetings of the Special Group, and I attended some meetings when he was there. And there wasn't any question about the depth of his interest or the depth of his understanding of the problem. He was a pretty tough customer to face if he took one point of view and you took another, or if he felt that your agency had not been doing what it should be doing in respect of some problem. I developed a very healthy respect for his ability to get things done. It has always been my understanding that the Kennedys believed in this and that they pushed it hard.

O'CONNOR: In any other aspects of AID's programs, particularly in Southeast Asia, did you run into any conflicts with regard to any program of AID in Southeast Asia with military officials, or embassy officials, or CIA officials?

GAUD: Southeast Asia?

O'CONNOR: Yes.

GAUD: Now you are talking about Vietnam and all this?

O'CONNOR: Essentially yes. Vietnam, Thailand, and Laos.

GAUD: Are you talking about during the Kennedy Administration?

O'CONNOR: I am talking about during the Kennedy Administration, primarily. I thought perhaps, that your experience later on, or your experience at that time might…

GAUD: Of course, I had nothing to do with Southeast Asia.

O'CONNOR: I didn't know whether that fell within the realm of South Asia or…

GAUD: No, I had nothing to do with Southeast Asia until February, '64 which was several months after President Johnson [Lyndon B. Johnson] came in. So I am not really qualified to speak on Southeast Asia prior to that time. I just wasn't close enough to it.

O'CONNOR: All right, but…. Then, within the regions where you were closely involved, did you ever come into much conflict? What I was driving at was this. There has been conflict, as I understand it, between those who

would like to undertake socio-economic aid programs in Southeast Asia and those who are primarily interested in military aid programs. I wonder if this sort of conflict occurred in the areas that are directly in your interest?

GAUD: No, I don't think so. We have differences of opinion, of course, with the State Department as to how much we ought to do, as to whether we ought to do anything, and as to what we ought to do. But these were, I would say, differences of degree, like the sort of thing that I mentioned with respect to Greece. They would want to hang on longer than we thought it was necessary to hang on, or they wouldn't want to be quite as tight in applying some criteria as we would want to be, but the differences that we ran into in the part of the world that I was involved in were of this sort, really. I wouldn't say that they were really fundamental differences. As far as the Defense Department is concerned, no. We had to be too liberal in some respects, or at least the military were, but those were differences of degree. They weren't really differences of principle at all.

O'CONNOR: I had had described to me several specific differences in Southeast Asia. That's why I was pursuing this line of questioning.

GAUD: Well, God knows we had our differences of opinion but I wouldn't say that they were substantial.

O'CONNOR: All right. I wondered if you would care to comment on the relation between American aid programs and the aid programs of other countries. You mentioned one instance of very strong cooperation having to do with the Indus Club. I wondered if you would care to comment or elaborate any further on conflicts or cooperation between our aid program and aid programs of other countries, friend or foe. I am interested in cooperation or the lack of cooperation on the part of the Soviet Union and their aid programs.

GAUD: Well, as far as the Soviet Union is concerned, they went their way and we went ours. There was never any question of cooperation.

O'CONNOR: I was under the impression that there was talk, at least of encouraging, so that in the distant future it might be possible, cooperation between the United States and the USSR.

GAUD: Well, this is something that I have suggested myself. I have suggested myself and many other people have too, that hopefully the time would come when we could cooperate with the Russians, at least in some

countries. Afghanistan for example, where as far as anyone can judge, our objectives are pretty much the same. Afghanistan is a country which has very limited resources, a very limited number of trained people; and if the Russians and ourselves could get together and agree on priorities, on the types of projects, on how the Afghans should use their resources, and so forth and so on, we would do a much better job. And logically, this would make eminent sense; politically, we are not there yet. This is true—to a somewhat less degree, I think, but I hope it will be true one of these days, in India. These are two countries where Russian aid, as I see it, is going primarily for development.

There are many other countries in which the Russians have aid programs which are solely politically motivated, and it would not make any sense to talk about our cooperating with the Russians. Egypt is an example. Most of the Middle East countries are examples of this. Algeria is another. Indonesia is certainly another where they are using their aid as a counter-weight to the United States. There, any talk of cooperation is damn nonsense. But, at any rate, as of now there have not been any efforts as far as I know, for any sort of aid cooperation with the Russians anywhere. Much less, of course, has there been any effort to cooperate with the Chinese and their aid program, because their aid programs are, as far as I can see, 100 per cent political and directed at us primarily, or at the Free World.

Now as far as cooperation of the Free World is concerned…. My part of the world in 1961, ‘2, and ‘3 was the part of the world in which there was probably more cooperation on the part of the Free World aid-givers than in any other. We had a consortium for Pakistan. We had a consortium for India. We had a consortium for Turkey. We had a consortium for Greece. And in a number of other countries, (Afghanistan is an example again; Nepal is another; Ceylon is another—in most of the countries in my region) we worked very closely with the other aid-giving nations of the Free World. Our quarrels with them, if you want to call them quarrels, were mainly over why don’t you guys do more, or you ought to do more, or your terms of your loans are too stiff—they ought to be softer because these fellows don’t have the foreign exchange to pay that kind of interest rate or to meet debts with so short a maturity.

O’CONNOR: Are you speaking of criticisms now that you might have made to the other countries?

GAUD: That’s right. And the effort always was to get them to do more and to do it on better terms. These were the two main issues that we had with the other aid-giving Free World countries. But relatively speaking, there was a high degree of cooperation with these other countries because, as I say, in four countries in the region—India, Pakistan, Greece and Turkey—we had formal consortia or formal arrangements for coordinating our programs and for working together. And this gave a sort of an atmosphere and color to the whole region.

[END OF INTERVIEW]

William S. Gaud Oral History Transcript – JFK #2
Name List