

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

JOHN A. LACEY

Interviewed by: Henry Precht
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INTERVIEW

Q: Our subject will be Mr. Lacey's experiences in the Far East, China, Burma, and related areas. John, let's get a little background here. You first became interested in the Far East in what way?

LACEY: In the early 1930s, I was a close friend, the best friend, of Harold Andrews, Jr., the son of a Presbyterian minister and a wonderful professor of English.

Q: At Ashland College?

LACEY: At Ashland High School. It was primarily the Andrews influence that got me interested in China. One day "Pa" Andrews came home--he was a great book collector--with his usual armful of books, and among them was a small pamphlet called Chinese Careers or Careers for Chinese Speakers. He already knew of my growing interest, so he gave me that little booklet. Incidentally, I still have it. That was the beginning of my introduction to things Chinese.

Q: You then went to the University of Chicago--

LACEY: Let me finish with the Andrews family. Ma Andrews, Professor Mae Powell Andrews, was a professor of English at Ashland College, but she also was a Presbyterian and a very active member and supporter of the Presbyterian overseas missionary movement. She was especially interested in and exposed me to a woman, a Presbyterian from Ashland, Ohio, who was then serving in China by the name of Mary Fulton. I soon learned a lot about Mary Fulton. She, among other things, was the first woman missionary in China to form the school for the blind and the school for nurses. She also was a friend of Sun Yat-sen's. In other words, a very remarkable woman whom I greatly admired from afar. That encouraged my further interest.

Then jumping to college, I had a football scholarship to Michigan State. And I was good enough to make the varsity team, but third team. At the end of the sophomore year, Coach Charles Backman called me into his office and said, "Lacey, you may be a good scholar, but you are a lousy football player." That was the end of the scholarship. However, the then secretary of the alumni association, John Hannah later president of Michigan State, took pity on me and arranged for my continuing schooling for the rest of my sophomore year at Michigan State.

I then decided I would go to work and earn my living like a real businessman. My family had moved to Chicago. I followed them to Chicago. My first job was selling printing. I quickly despaired of my ability to sell anything including printing. But one day, mid 1938, on a Friday afternoon, there was a heavy rain, and like any good salesman, I spent most of my time in the buildings in the loop of Chicago. The elevator carried me past an exciting eighth floor where I caught a quick glimpse of gold, of cinnabar, and the smell of incense and sandalwood. When I reached the bottom, I said to the elevator operator, "Take me back up."

There I met George F. Ruby, Inc. George F. Ruby was a charter member of the Illinois Athletic Club. Was himself director, owner, and operator of an import/export house that dealt in oriental goods. I was so intrigued that I said to him, "Mr. Ruby, I would like to work for you." That was late Friday. I went to the printing office on Saturday, announced my resignation, and on Monday I showed up at George F. Ruby, Inc.

"I'll be god damned," he said. "I didn't expect to see you here."

"Well, here I am, I said, but I won't work for nothing."

"How are you on books?" he said. "I need a bookkeeper in the worst kind of way."

I said, "Accounting was the only course in college I flunked, Mr. Ruby."

"Good," he said, "you are just the man I want." And he slapped his hand down on his desk and knocked out his English pipe and shook my hand. And that's how I became further interested in things oriental.

At about the same time, I fortuitously received a letter from the University of Chicago answering an application I had put in maybe three or four years earlier--three years I guess it was--saying that yes, indeed, I was eligible for a scholarship. In 1938, I resumed my studies. This time at the University of Chicago's Department of Oriental Language and Literature. I got my degree in 1940. Meantime I continued to work for Ruby part time. The customers stole him blind which he was.

Q: You learned Chinese in that process?

LACEY: I was learning Chinese. However, Henry, I never did gain a good command of Pai-hua, that's spoken Chinese. My teacher was an outstanding expert in literary Chinese. Though I still can read literary Chinese, I have difficulty now speaking any Chinese at all.

Q: So by the outbreak of World War II, you were graduated from the University of Chicago with this degree in oriental literature.

LACEY: And still aspiring to become the United States best teacher of things Chinese. But Pearl Harbor changed all that . . . changed the lives of many, many millions of Americans, a fact that still colors my attitudes towards the Japanese. As soon as Pearl Harbor occurred, I immediately quite schooling. I tried to get into the government service one way or another, fighting those dirty Japs, as I used to say to myself. The best I could do immediately was to join the Office of Censorship in the Chicago branch where my Chinese enabled me to censor Chinese mail that was picked up, intercepted.

By August of '42, however, I was able to get myself in stream, this time as a Yeoman Second Class at the U.S. Navy Japanese language school in Boulder, Colorado. The fact that I did get in the school at all still is remarkable to me. Because I think, Henry, the gravest shortcoming of American foreign affairs is the general lack of knowledge of foreign affairs among the public at large. In this case, when I protested that I knew nothing about Japanese, the answer was, "Well, they are more or less the same." That has occurred several times throughout my career.

At the conclusion of the Boulder Japanese language training school, I was shipped off to Washington where I served in the Naval Communication Annex on Massachusetts and Nebraska Avenue. It was quite apparent that I was no better in deciphering Japanese codes than I was in my accounting practices. I loathed it. The only thing I had going for me was a greater capacity for coffee than the warrant officer, who served as the chief flunky in the Naval communications office system of personnel. He was a sour man, like most warrant officers, but grudgingly acknowledged that if anyone could drink more coffee than he could, that fellow must be all right. We became good friends. One day he said, "You are interested in China, aren't you?"

"I would give anything to get to China."

He said, "Are you ready to go right now?"

I said, "I will go as soon as I get orders."

He said, "You are off in two weeks."

So he wrote up the orders to send me to the U.S. Naval Group China. And in two weeks, I was off and away.

Q: What was the U.S. Naval Group in China?

LACEY: It was a goof-off outfit, a President Roosevelt and Chiang Kai-shek deal whereby the U.S. services--in this case, the Navy Group China--would train Chinese soldiers in the arts of war. My unit trained cryptography and the arts of bicycle riding. By the way, at that time, Chinese could not ride bicycles. They had no sense of balance, they had no sense of speed. It was rather laughable to watch them being trained.

Q: Where was it based?

LACEY: It was based primarily outside of Chungking about sixty miles in a place that the Americans called Happy Valley. The official name of the organization was the Sino-American Cooperative Organization, SACO.

Q: Who was the commander of this overall operation?

LACEY: Admiral Milton Miles was the--

Q: Navy commander?

LACEY: Navy commander, yes, but I believe he commanded all SACO units.

Q: And he reported to whom?

LACEY: He reported to Roosevelt.

Q: I see. Was Stilwell--

LACEY: Stilwell was sent to China, but he was not involved. He was a separate--

Q: On a separate command.

LACEY: In fact, Uncle Sam had a very poor wartime organization in China. As you know, Stilwell fought with the "Peanuts" i.e., Chiang Kai-shek. The U.S. Ambassador to China was--

Q: Hurley.

LACEY: Patrick Hurley. He was a stinker, at least that's how I felt he was. He may have been different, but that's the kind of impression I got.

Q: Did your group fight with Stilwell's command or the ambassador, or what kind of a relationship did you have?

LACEY: We had an almost independent relationship because our effective leader was General Tai Li Dai Lee, whom you may remember as being the chief of the Chinese gestapo. He was infamous for the rough way in which he herded people around including his influence with Chiang Kai-shek. Through him I saw the innate cruelty of the Chinese people.

Turning back to a more general approach to that period of my life, the good thing about it was, while I had no job, there was no billet for me and took about two months for the authorities to find out what to do with me, they finally gave me a job in which I was able to do some of the things I enjoyed doing. One was to help rescue American pilots, mostly from the "Flying Tiger," the 14th Air Force. Another was to resume my study of Chinese and Chinese ways of life.

That was an exciting experience and one that exposed me to an aspect of China which I never dreamed existed.

Q: What year was this?

LACEY: March 1944 to December '45.

Q: I see. The end of the war.

LACEY: Yes. Speaking about the end of the war, you may remember, Henry, the false armistice. I think that was on August the ninth. In any case, it was a false armistice, but I was then back in Happy Valley as one of the two best Japanese language officers in the China theater--in fact, there were only two of us able to be moved--Lieutenant Roy Wald, who was six months my senior, and myself. As soon as the false armistice was declared, orders came through that Wald and Lacey should be flown to Shanghai to help that aspect of the Japanese surrender.

As it turned out, it was a false armistice, but we ultimately did get to Shanghai the day after the real armistice. I am ashamed at all that we were called upon to do. Americans abroad, especially soldiers, have very little cultural sensitivity. They are so keyed up and ready to believe that the Japanese are dirty bastards, that anything goes. Looking back upon that era, I am ashamed of the way that our little contingent treated the Japanese.

Q: The Japanese who surrendered in Shanghai and elsewhere in China?

LACEY: The Japanese generally surrendered overall, but each area general had its own directions to surrender.

Q: Right. But didn't the Americans have a role in determining how the Japanese would be treated? Weren't the Americans running things with the Chinese taking orders?

LACEY: The MacArthur syndrome, as I think of it in retrospect, even then was beginning to percolate. There was a sense of superiority, uncalled for I think, but nevertheless exercised.

Q: Why were you ashamed of the way the Americans performed?

LACEY: Well, for example, we had caught the Japanese gunboat in the Whangpoo River going downstream en route to safety in Japan. That had been captured and brought back to Shanghai. Commander Martin, a San Diego fire chief, was the senior officer of our Navy group. Under his orders and instructions, Roy Wald and I, shamefully, were among those who stripped Japanese down naked. We went through their photograph albums--and there were many, many photograph albums--looking for what was presumed to be secret documents or orders or codes. It was a shameful show. That's what I really meant.

The commander of the Japanese gunboat was held prisoner in his cabin and saved for the last. When Martin was satisfied that nothing was really worth collecting, Martin went down to his cabin with Wald on his right and I on his left. The Japanese officer was sitting on the other side of a big billiard table, a green cloth table like a billiard table, by himself. Martin asked him, among other things, "What do you think of the way we are treating your boys now, as compared to the way you treated us at Bataan?"

I put the question in Japanese to this naval officer. The answer came back, which I interpreted, "That was war, this is peace, now all men are brothers."

Whereupon Martin, a big-armed guy, freckled face, brought his hand down on the table and said, "Lacey, you tell him that is chicken shit." Well, in all of my training that I had at Boulder Japanese language school, I never learned the word, "chicken shit."

So I scowled and said, "Dame des'u," which literally means, "that's too bad." But Martin couldn't tell the difference. [Laughter]

Then from Shanghai, I had the great joy of being reassigned to Beijing. This was around September of that year.

Q: '45?

LACEY: '45. And from September to about December 1, I had a heyday.

Q: Were you assigned to the naval attaché office then?

LACEY: No, this was still SACO operation. It was our function in Beijing to make an inventory of the Japanese military installations in North China.

I remember one day especially that involved General Sun in charge of the Beijing area. He was greedy, vain and corrupt. He was responsible to Generalissimo Chiang Kai-shek and like so many generals was more interested in lining their own pockets than fighting the Pa Lu (the 8th Route Army, which answers to Mao Zedong's communism). General Sun made a fortune selling rice and coal from government sealed stores.

Do you recall, Henry, the old fashion way of using a flash pan to take photos?

Q: Right.

LACEY: Well, we were in a bunker, and Wald and I were translating the Japanese names on the different ammunitions in the bunker. General Sun was vainly posturing for a camera we didn't see. He had one of his photographers flash off the flash pan, Roy and I hit the deck. We didn't know what was going to happen.

Q: You thought he might ignite the explosives.

LACEY: Exactly. Well, it turned out he did not.

Another thing I enjoyed about Beijing was our senior Chinese translator was a fellow by the name of T'ien. A very fine person whose main love in life was Chinese opera. He knew so much about Chinese opera that under his guidance, he and I would go off every evening not to one opera but to many, maybe three, four or five, to hit just that one point in time when the famous actor was doing a popular aria. Well, that was quite a fulfilling experience.

Q: What kind of attitude did you and your colleagues have in the Navy group there towards the Chiang government?

LACEY: We were by then rather down on the Chiang government.

Q: What did you think? They were inept, corrupt, what?

LACEY: It was well-known that, first and foremost, the country was saddled with impossible inflation. I think I can remember having a dinner in Shanghai where the four of us paid for a dinner that cost us seven-million plus local currency. Inflation was so bad that people would carry money around in wheel barrows.

Q: Suitcases.

LACEY: In suitcases. Well, they would bag it up and carry it openly. That was one obvious sign of maladministration. But I think the worst thing that we all felt--at least my colleagues and I felt--was that Chiang's generals were most interested in lining their own pockets. Chiang's senior minister of finance, T.V. Sung, was well-known to have milked China dry. None of us felt very kindly toward the Sung clan including Madame Sung, Madame Chiang Kai-shek, who was a Sung girl.

Q: Did they have any contact with the embassy during that period or were you pretty much without that?

LACEY: Our contacts with the embassy were very slight. In Chungking, a good friend of mine and still a very good friend and one of our outstanding Chinese language officers--Harald Jacobson his name is--was then a commander and served as deputy military attaché in Chungking.

You asked, Henry, about contacts with the embassy personnel. It's very vague in my mind.

Q: What about the communists at that stage? What kind of attitude or knowledge did you have of the Chinese communists?

LACEY: I may have had a better knowledge of the Chinese communists than did the boys in Washington. Remember, Roosevelt was still in charge. He--

Q: Well, not at this time. This is after--

LACEY: But his policies were still prevalent. At Yalta, among other places, he and his cohorts plus Stalin and Winston Churchill and disgracefully no Chinese representation at all, proceeded to carve up eastern Europe and China according to their plan. The Yalta hangover enabled Stalin to send his own forces into the Far East within one day I think before the war finally ended. I am a little fuzzy on that, but it was a belated gesture to show that Stalin and Russia also had a stake in the treaty, of peace in Japan.

In the meantime, what actually was the case was the Russian communist forces were commanding almost all of North China, and as they retreated, they turned over their arms and their territory not to Chiang Kai-shek but to Mao Zedong. I could see that going on right within the perimeter of Beijing.

Now one thing very much on my mind, even today as China is in turmoil, is that at that time under Mao's leadership the Chinese Communist forces unquestionably were well-disciplined. Unlike the Nationalist forces, the Chinese Communist troops would take over cities and towns and instead of raping the women and looting precious stores, they would take off their shirts and work in the fields. It was a majestic example of how good propaganda can be a partner of diplomacy.

In the meantime, Chiang Kai-shek's soldiers and generals were vainly trying to hold ground. Against the advice of General George Marshall who was sent to China as a presidential advisor, the Nationalist forces went into Manchuria and tried to regain that territory.

Some years later, in '56-'57, when I was assigned to Taipei, China, the then minister of economic affairs, a wonderful fellow by the name of Kiang Piao, himself an engineer, told me several times how he was the chief engineer of a group in Manchuria that was assigned to build a bridge across the Liao River. There were about 200 of China's best engineers building that bridge. Suddenly, out of nowhere, the Pa Lu--that was the way the communists referred to themselves. Pa Lu meaning the Eighth Route Army--suddenly the Eight Route Army cutoff retreat of these 200 or so engineers who were on the other side of the river. They captured the bridge, and that was the end of that expedition.

It was also one of the reasons why Communist China was able to get off to such a good start. They not only had some of best trained manpower, but they also had the capacity to-

Q: Motivate people?

LACEY: Motivate people, yes. And along with motivating people, they inherited all of the five and ten-year plans which the Chinese government under Chiang Kai-shek had been developing. I've heard from many different sources--they had blueprints of bridges to be built, of roadways to be repaired, of dams to be erected. These fell into the hands of the Chinese Communists. I think this was a primary reason why initially the Chinese Communists were so successful.

If one were to look into this more careful than I have, one would probably find much of the material achievements of early stages of Chinese Communist rule over the mainland were due to the fact that they just put into place plans that had already been made.

Q: Right.

LACEY: But unlike the Chiang Kai-shek's boys, the communists had popular support.

Q: That's interesting observation. Let's get back to your time in Beijing. This is the end of 1945, now, and you and your colleague, Wald was it, were surveying what remained of Japanese installations. Now, what other duties did you have at that time?

LACEY: That was about it. Wald and Lacey's job was to translate documents that described Japanese installations throughout what the Japanese called the North China area.

Q: Did you go to visit the Yen'an at that time?

LACEY: I got to Yen'an earlier.

Q: Oh, tell us about that incident.

LACEY: Well, it was very accidental. I spoke earlier about being in China without direct orders, and for about two wonderful months, I could wander around doing what I wanted, visit monasteries and gorge Chinese food. What I remember most was the self confident attitude of the basically pro-Chinese Communist person.

Q: This was in 1944, then.

LACEY: Yes.

Q: You think they were confident of ultimate victory? Was that the kind of sense you had?

LACEY: They were not only confident, but they deliberately exploited Uncle Sam's misguided desire to try to bring the two hostile forces together. Mao and his Zhou En-lai and a couple other leaders pretended to fight the Japanese. However, they criticized the Chiang Kai-shek government for failing to fight the Japanese as determinedly as they wanted or as they believed was desirable.

Q: What was the attitude of the Americans. Did they think the Chinese were a more effective fighting force against the Japanese? How did they look at them?

LACEY: On this I can only refer you to the wonderful source book called U.S. Relations with China put out by the Department of State, August '49. Remember that the Department of State, especially Dean Acheson, was under heavy criticism from the China lobby for--

Q: Loss of China.

LACEY: Yes, for the loss of China.

Q: Well, you couldn't foresee the momentous changes that were coming.

LACEY: No.

Q: No one could. Well, let see. Unless there is something else that you want to say about that China period, you left China then and returned to the University of Chicago and then entered the Department of State?

LACEY: Yes, I returned to the University of Chicago. I maintained my naval reserve status for a couple or three years as a source of income. I was already married, wonderfully married. I reentered the University of Chicago determined to, as I said

earlier, become the best god damned teacher of Chinese history and culture in the United States. That was my dream.

Let me tell you quickly a story. For my doctoral thesis, I decided on the functions, the system concerning the Ming dynasty magistrate during the Hung Wu period which was the first of the Ming eras. I really feel that I know more about the Ming dynasty magistrate than most people would ever care to know.

The magistrate was, in essence, the representative of the emperor. He was the local Gauleiter, the father of the people, the principal Confucian in his district. He was the chief policeman; he was the chief tax collector; he was chief enforcer of law and order. His relations with the military were, even as now, uncertain, uneasy. He was the high priest in the district, which is tantamount to a county. He was the officiator at many state ceremonies which the monarchy mandated by customary law.

Q: Anyway, this gave you a very good understanding of the dynamics of political life in China at that time. But let's--

LACEY: But, no, the reason why I stress this is that in 1949, I was approached by a Rea Blue from the Department of State's intelligence research on the Far East to go to Washington. Interestingly, Henry, the Department of State had reason to believe that now that the People's Republic of China had been established on October 1 of '49, that the next move would probably be into Korea. So Rea Blue was running around the country trying desperately to recruit people who knew anything about China.

At that time, there were only five universities in the United States that taught Chinese. To my knowledge, there were only about 200 who had more than two or three years of Chinese.

Q: But there were officers in the service who knew China. Had they been discredited because of the debacle with Chiang Kai-shek?

LACEY: Almost all of them were not only discredited but left the service because of--

Q: So they had desperately to get new staff.

LACEY: Yes.

Q: So you were hired to come down and work in the branch of intelligence and research?

LACEY: Yes. I resisted at first, but I finally gave in to Rea Blue the second time she came. Because why? Because I had one daughter already and another one on the way. Can you imagine this, Henry? I had a debt owed to my mother of \$750 which is nothing today, but back in those days, that burnt on my back like a scarlet letter. Anyway, I finally capitulated to Rea, and I went to Washington in 1950. I remember reporting on March the

third in 1950 of that year to a Joe Yager who was then chief of the China branch of intelligence research for the Far East.

I remember--Joe denies this story, but I will tell it to you anyway because it is true. Joe, in interviewing me, said, "Are you acquainted with Fei Hsiao-Tung?"

"Yes, I was."

"What do you think of him?"

I said, "His analysis of Chinese society and dynamics was excellent."

"You know he's a communist," said Joe Yager.

I didn't know he was a communist. But this was a time when McCarthyism was beginning to rear its ugly head.

In any case, despite that--and Joe denies this story--I went to work. I ended up directing the National Intelligence Survey on not only China but later on Indochina. The NIS was a fine effort to get at the fundamentals of civilization, the political and economic dynamics, the military systems, the heart of history.

Q: Did you feel any pressure during this McCarthy period to cast your analysis in certain directions?

LACEY: I mentioned earlier Joe Yager's name. Let me mention him again because he was a godsend to me. Joe was a very stubborn, tough-minded analyst. He is still a best friend. Joe Yager insisted that nothing leave his office that he hadn't personally examined. But it wasn't for the purpose of pulling our punches. Joe insisted that we call them as the shots fell, but he always made certain that we worded our analysis in such a way that it wouldn't offend McCarthy. I am always grateful for that. I am also grateful that he honed my writing skill.

On the other hand, some of our best people were dragged through the McCarthy grinder and had to leave the government. It was a very uneasy period, a shameful period in terms of our democratic process.

Q: What was the assessment that you all came to in this period on the Mao regime? How did you evaluate its longevity, what future did you see for Chiang Kai-shek on Taiwan? What was your analysis of the dynamics at work?

LACEY: Of the two Chinas, there was no question in my mind at that time, that Chiang Kai-shek had had it.

Q: In China?

LACEY: In China, first, but then when he came to Taiwan, he was instrumental in a wide purge of what he regarded as "commies" or leftists or radicals. He and his wife had a very poor reputation except with the China lobby. They played that one to the hilt.

As for Mao and company on the mainland, I remember being the director and writer on public law and order in China for NIS, the National Intelligence Survey. I was glowing in my claim of the Chinese Communist government. I didn't realize then, as I did later, some of their successes were due to just taking over or fulfilling what had already been on the drawing board.

Q: Now, if you had a positive estimation of the communists and a negative one of Chiang Kai-shek, one, was that view shared by colleagues of yours in the Department of State? And, two, how did that view affect those that were calling the shots at the time, the Secretary of State, the White House?

LACEY: Actually, you are asking two questions.

Q: Right.

LACEY: The rank and file attitude and the top echelon attitude.

Q: Right.

LACEY: I think, then and now, the top echelon was more motivated by domestic political considerations than they were by U.S.-foreign developments. The China lobby was a very potent force. It still was for a long time. Pro-Taiwan was built into U.S. policy towards the two Chinas. I disagreed with it then, and I take issue even now with a black-white view of China.

My colleagues, on the other hand, the rank and file working officer, more familiar with the facts of the two Chinas, were inclined towards . . . Well, I would guess that seven out of ten of such people would have opted for Communist China at the time.

Q: Seven out of ten?

LACEY: That is a guess, a wild guess.

Q: Did you then see as their careers progressed that those who were correct in their evaluation of the strengths of the Chinese regime prosper, or did their careers suffer as a result of having a view that was divergent from American policy?

LACEY: Ralph Clough's name comes to mind. He is a long-standing China watcher, a real expert. Ralph I think would be inclined to view events in both China's in terms of their impact upon the U.S.A. Such is his stature as a scholar, that he has been able to not only write effectively about Taiwan, but Communist China as well.

Q: But not in the Foreign Service. He was dumped, right?

LACEY: No, I don't think he was.

Q: Was it he?

LACEY: He may have resigned, but I don't think he was dumped.

Q: I see. Okay.

LACEY: Because I think Ralph is held in high regard by the people that counted. Bill Gleysteen also comes to mind. Bill was an outspoken critic of Chiang Kai-shek, and yet he rose rapidly in the service, indeed became ambassador to Korea.

Q: Right.

LACEY: His career was not unduly affected.

Q: Okay, what then about the period leading up to the Korean War? You analysts in the Far East division, did you see that coming? Did you see the North Korean invasion as a real danger?

LACEY: I didn't. Now, Rea Blue, who I mentioned earlier, Joe Yager, whom I mentioned, a number of my seniors were much more cognizant of what was going on in Asia at the time--I was just a junior officer. They said as much to me, but I didn't really believe it.

Q: What about the Chinese entry into that war? Was that foreseen?

LACEY: Well, that was foreseen because that was why I was brought to the China branch in the first place. There was a hunch in the Department of State, and probably elsewhere in Washington, that sooner or later Mao's forces would move into Korea. Certainly at that time, they had already proclaimed a close friendship or support of the North Korean government. I think what prompted their moving in, however, was not so much preordained as it was prompted by the fact that MacArthur moved his United Nations forces beyond the Yalu River.

Q: Now you stayed in intelligence and research throughout this period of the Korean War.

LACEY: Yes. Let me mention one specific in my career. First of all, I had gone in as a civil servant not as a Foreign Service Officer. In 1954, John Foster Dulles made his speech on the steps of the old Department of State to the effect that, "Those of you who

want to serve Uncle Sam must join the Foreign Service." This was a consequence of Wriston's plan.

Q: Wriston plan for unifying the Foreign Service.

LACEY: Yes. A group of us were Wristonized, that's the phrase we used. So I joined the Foreign Service. I remember spending a week of anguished discussion of this issue with my favorite wife. Being brought up in the small town of Ashland, by no means a small town girl, but she felt that the Foreign Service was a life that she didn't know and didn't particularly anticipate. I argued to the contrary because by that time, Henry, I had developed a very keen interest in a phrase that few people use but what I call "the arts of governance." It was fascinating to me to see the bureaucracy in action.

Now going back to my Ming dynasty doctoral thesis, the reason why I spoke at length on that was by the time I hit Washington, I knew the names and numbers of all the players. I knew what the considerations were. I had so studied the dynamics of Chinese government that they were one-for-one similar to the American system. In fact, you probably know, the American system is an indirect copy from the Chinese traditional bureaucracy. So I felt right at home and I think have been able to profit from my application of Ming dynasty politics to current history.

Q: So, John, you then made the decision, over your wife's reservations, to enter the Foreign Service, but you continued in intelligence research. And I see from your CV you were an analyst of Vietnam, of Indochina, in that period.

LACEY: That illustrates another continuing point of my gripes against the American public and Uncle Sam's operations in terms of the American's ignorance of foreign affairs. I was called in by my boss, my senior boss, in INR and told that I was now being assigned to Indochina. Why? Well, the battle of Dien Bien Phu, you remember had occurred--well, I think it started in March and ended in May of '54. In any case, whenever it started, it became a turning point in history, the end of colonial rule and the beginning of America's involvement in Asia.

Uncle Sam suddenly realized that we knew nothing about Indochina. Now, why did we know so little? Because up to that point in time, Uncle Sam was quite content--and I use Uncle Sam in the sense of Washington leadership--to leave the administration and problems of Indochina to the French, just as we looked to older colonial powers to administer other Asian countries. Suddenly, we were left with a vacuum.

Of our several people in the Department of State, only Paul Kattenburg--whose name may ring a bell with you--had any claim at all of being knowledgeable about Indochina. Now, we did have a couple other people. Conrad Becker was an authority on Burma, Dick Stuart on Indonesia. But that was more of a personal pastime than it was a matter of State. Certainly, when I said to my boss, "I don't know anything about Indochina."

"Well, you know something about China, don't you?"

"Yes."

He said, "That's half the battle."

Well, you chuckle rightly because anyone halfway familiar with the world knows that it is not half the battle at all.

Anyway, I was assigned to the Indochina desk in 1954, about the summer thereof. I remained there until '56. Because of my NIS, National Intelligence Survey, experience I was put in charge of the NIS program for Indochina. That was illuminating, but primarily for me. I am not certain that the product represented anything spectacular.

In any case, I wanted to get abroad. Lo and behold, I had the opportunity in '56 of being assigned to Taipei, Taiwan, which was then the Republic of China. I went off gaily with some trepidation. My wife, as I indicated, was completely unschooled in foreign affairs. I had two children. We proudly bought ourselves a new Plymouth automobile, our first new automobile to go with us. And we set off. I'll forego some of the personal vicissitudes that happened to me on the way. I had great health problems throughout my Foreign Service career, and that was one of the periods.

But we finally got to Taipei, rather to Chilung (Kee lung), on the good ship AMY LIKES. AMY LIKES was going south and typhoon Emma was coming north. AMY LIKES had just off-loaded cotton in Kobe, Japan, and was bouncing around in the water like a cork. It didn't bother my two children who practiced their ballet dances with regularity and ate the ship's heavy, greasy food with pleasure. Typhoon Emma certainly bothered my wife and me.

In any case, we arrived in the port of Chilung which closed by six o'clock every night because of martial law and the fear that the Chinese Communists might invade across the Straits. The captain of the AMY LIKES got us through the barrier, a long iron chain strung across the mouth of the harbor. He managed to get it lifted on the grounds that a very important envoy was aboard. Of course, I wasn't important at all. I was the second secretary of embassy.

Anyway, we got into Chilung in the pouring, typhoon rain. Looking down on the dock, I noticed only two persons whom I knew, John Stanley and his wife. There was a big hulking fellow whom I didn't know--later was introduced to him as Phil Davenport, the outgoing chief of the economic section--and a few others of the economic section. That was a Friday. All week long, we moused and catted each other, but Phil Davenport entertained us as a good Foreign Service officer would a new arrival at the post.

My orders read that I had been assigned to the political section, not the economic section. So when Monday came, I saw the DCM, Jim Pilcher his name was. Ever cheerful. Jim

officially let it be known that I was earmarked for the acting chief of the economics section to replace outgoing Davenport. The reason was that Joe Yager, who was slated for that job and who eventually took it over, for personal reasons was then unable to attend. So for '56 and early '57, I was the acting chief of the economics section.

Henry, that was the most fortuitous development in my career. I have never been good at mathematics. I have never been good at figures. But I realized rather quickly that being chief of an economics section was not mastering data, it was--well, I will use the phrase--taking advantage of the position in terms of collecting information. Whereas the Embassy Taipei's political section was a prisoner of Chiang Kai-shek's foreign office, I was free and my colleagues were free to wander afield and to really see what was going on and to really report on developments affecting U.S. policies.

That was a fascinating experience including a friendship which I still enjoy with a Martin Wong, who was then in Taipei, the chief of the China-U.S. Organization, or Agency I guess it was. CUSA agency. China-U.S. Administration, that was the correct title. Martin Wong--

Q: What was that organization?

LACEY: That was a Chinese government-U.S. collaboration to administer economic--

Q: Like an aid program?

LACEY: Yes, economic not military.

Q: I see.

LACEY: It was the senior office in China concerned with the administration of U.S. economic aid.

Q: Oh, I see.

LACEY: Economic aid and military are so closely intertwined that Martin Wong wisely had invited to attend his weekly meeting a General Chiang Ching-kuo, who represented the Chinese government military side of the aid program.

Q: Was he their intelligence or security man or what?

LACEY: No, not at that time. I think his main title may have been chief of the veterans program. That involved a very major source of U.S. assistance as well as the military side of it.

Anyway, that was my first exposure to Chiang Ching-kuo. I saw him once a week from 1956 to '57. And I didn't like him one bit. I was prejudiced beforehand, I think, because of my prejudice against his father.

Q: Was he the son of Chiang Kai-shek?

LACEY: Yes.

Q: I see.

LACEY: But I saw him as a thick-necked Gauleiter, a strong-arm man, not one that I would particularly like to associate with. Fortunately, I got to know him well, at least on speaking terms. In 1953, I think it was, when I was back in the Department of State, Al Jenkins, one of our truly able Chinese language officers, was appointed to be Chiang Ching-kuo's escort for three weeks when he came to Washington, the invitation being based upon the fact that someone in the Department of State or someone in Washington had foreseen the day when Chiang Ching-kuo would succeed his father. And it was thought desirable to introduce him to things American.

I was then a very good friend of Al Jenkins. We browned-bagged on the banks of the Potomac. While I was low man on the totem pole and, therefore, not of sufficient rank to be included in the formal schedule of Chiang Ching-kuo's visit, Al very kindly let me have twenty minutes personal interview with Chiang Ching-kuo.

Q: This is before you were assigned there?

LACEY: Yes. This was in 1953. At that time, I already told you what my impressions of the Chiang family were, and nothing I saw then with my contacts with Chiang Ching-kuo changed my mind about him as they did not later in '56 or '57 when I saw him weekly in Taipei. Only late in life, 1986 or '87 did I come to admire Chiang Ching-kuo for his efforts to liberalize the ROC.

Q: What was his attitude towards you and other Americans?

LACEY: I honestly can't tell you. It was to his advantage to be friendly, brave, clean, and reverent.

Q: Right.

LACEY: But I always suspected that this was more a matter of tactics than it was of genuine feeling. Now I was later proven wrong, and I will come to that later.

In '56-'57, as I said, I was able to do things and to report to Washington information which the political section just could not begin to touch. I don't know with what consequence that was, but it was a lot of fun and enabled me to meet a lot of new people.

Q: Now, did you see the base being laid down for the kind of prosperity Taiwan has come to enjoy?

LACEY: Yes, I did. And the base was the very multimillion dollar, multibillion dollar aid program that the U.S. government had with Taiwan. Taiwan, at the time and I think for some while afterwards, was our major aid recipient in the world.

Q: And you think the aid money was spent effectively?

LACEY: My answer was I am fairly confident that it was. Certainly it was on the civilian side. I am less informed about the military aid program. But on the civilian side, Martin Wong, whom I mentioned earlier, and his very able group of colleagues, including people who are still active in aid administration or economic administration, were quite punctilious about making certain that the U.S. economic aid dollar went to a long-range cause. The long-range cause was, of course, then and still now, return of Taiwan to mainland China. Rather, the return of mainland China to Taiwan, because that was their ideal, to establish ROC sovereignty over all of China.

Unbeknownst to many people--and I think maybe this is the first time it has been revealed, at least to my knowledge, in a semi-public forum--is that in 1968-'69, or '67-'68, the U.S. aid program had come to an end. And thanks to U.S. aid, Taiwan was off to the startling development progress that it has been making ever since. But unbeknownst to many, it was understood, certainly by those in the know, that our job was to "wean away" Taiwan or the Republic of China from U.S. aid programs.

To that end, I was instrumental in being appointed the senior officer in charge of U.S. technical relations with the ROC. My mandate was to, first of all, find somebody in the technological community who would be willing to go to Taipei in a special capacity as scientific advisor. Not in the conventional sense of science Attaché to the ambassador, but science advisor to the whole of the Republic in terms of his ability to acquire contacts with various centers of technological expertise in America.

As it turned out that fellow was Bruce Billings. Bruce was basically my selection, although in the end, it was the appointment of the Johnson Administration, by Johnson's science advisor, Dr. Donald Hornig, co-opted from Eastman Kodak. What happened was that I had been cashiered from the Department's Bureau of East Asian-Pacific Affairs (EA/P).

Q: This is in 19--

LACEY: '68. I had taken open exception with our policy towards Asia. The then Assistant Secretary of East Asian-Pacific Affairs, Bill Bundy, was a hard-liner. His brother, McGeorge Bundy, was then National Security Advisor in the White House. The two of them had enormous clout. Vietnam, or rather our growing involvement in Vietnam, had made Vietnam one of the major focuses of U.S. policy concern. Under that concern, many young officers were hired right out of college to go off to Vietnam in various special capacities.

In the meantime, however, back in the Department, I was the fall back position for this U.S.-Republic of China technological mission headed in the field by Bruce Billings. He was a China language man by avocation not by training. He just learned it because it was something to do. He retired as vice-president of Polaroid Camera. So he was well-acquainted with the technological people around the country. It turned out that he was a magnificent selection. Rather zesty, somewhat brittle in terms of temperament. Rather arrogant, probably with good reason, but nevertheless arrogant.

And Bruce Billings was responsible as was any single person for helping propel the Chinese economy into its leadership role that it enjoys today. He introduced something as simple as computers, which back in those days, was still an unknown, an uncharted field.

In any case, that was a signal success and another reason why Taiwan today enjoys the success that it does.

Q: That's very good. That is something you can well be proud of.

Unless you want to make any more remarks about your service in Taiwan, I see on your record you served in the State Department in the East Asian division and then intelligence research again. Then you went out as economic officer in Hong Kong. Anything on that tour that struck you?

LACEY: Well, before we go off to Hong Kong, I would like to speak about my return to the Department of State.

Q: All right.

LACEY: I returned because of my second serious illness. I've had now three major illnesses. In this case, I had an operation on my jaw, and I had to talk for six months like this with jaws wired together. That meant I had to eat liquid foods, thanks to my good wife who prepared them. She, by the way, claims my jaws were wired only three months.

In any case, I was back in the Department and after a brief sojourn, sort of a convalescent leave, I was picked up by the intelligence research bureau as chief of the Far Eastern branch or Far Eastern office of intelligence research.

That was particularly important for this reason. I learned, for the first time, the agony of suffering the ignorance of senior officers regarding the importance of intelligence information on Asia. To make a long, grim story short, Hugh Cumming, who was then the head of the Bureau of Intelligence Research, and Loy Henderson, who was a buddy of Hugh's, connived to nullify what had been up to that point, a magnificent program called the National Intelligence Survey.

We had, over the years, built up a staff in the Far Eastern office of seventy-eight people, trained clerks as well as astute officers. I had the miserable job of overseeing reducing

that staff within two months by one-third. The only case of--what is it you get when you get stomach trouble? Ulcers.

Q: Ulcers.

LACEY: The only case of ulcers I ever had occurred during that period. I resisted it strongly. But had no choice as a senior officer in charge to either resign in protest or to carry out orders which I chose to do. But thinking back upon that episode, as I have so many times, it seems to me that what was happening was again a case of American domestic political interests taking precedent over longer-term world-wide interests including, importantly, Asia. I have often regretted the breakup of the NIS staff because that was really the end.

The redeeming part about that was, the CIA in the meantime, had been developing into a mature, professional organization. I worked very closely with senior CIA officers concerned with Asia. They were all very good, very knowledgeable, very savvy, and very gutsy. But the Department of State's role, its intelligence role, was an important counterpoint to that CIA point of view. With the castration of Department of State's intelligence program, which was then aided and abetted by Roger Hilsman, our total grasp of Asian developments was seriously crippled.

Q: What was the motivation for that? Was it an economy, budget move?

LACEY: No, I don't think anybody worried about the economy and the budget then as they do today. I think the motivation was more a case of personal aggrandizement, of game playing, of trying to win points, to influence the powers that be, in terms of one's ability to do things the way that seemed appropriate at the time. It was the kind of politics that you have run into also, I think.

Q: Right.

LACEY: So I won't go on further with that.

Q: Okay, well, then you left Washington. You were destined for Hong Kong as chief economic officer.

LACEY: I might say now that the two best bosses I have ever served under in the Foreign Service were, both in Hong Kong. The first was Julius Holmes, whose name is very familiar to you as the great man--now deceased--that he was. And Marshall Green.

But, at the time, it was Julius Holmes who was the Consul General. I was chief of the economics section. Sam Gilstrap was deputy principal officer. Fortunately for me family affairs called Sam home. I don't know what happened, but I was informed by Sam Gilstrap that Mr. Holmes wanted me to be his DPO. I was very excited about the

prospect. I called the Consul General's secretary, Emma Johnson, and said with excitement, "How soon can I see Mr. Holmes to find out what I am going to do?"

And she said, "Right away."

So I was ushered into the Consul General's office and Julius--did you ever work with him?

Q: No, I knew his son, Alan.

LACEY: Well, Julius was a small man really who affected height by wearing higher heels than normal. He affected Pince-nez glasses and was every word the English gentleman that he purported to be. He had been Minister Counselor of Embassy in London for six years. So he knew the ropes backwards and forwards.

I dashed in and found him in his office reading a magazine. After exchange of amenities, I said, "Mr. Holmes, how can I serve you?"

He said, "Very simple. I have four rules. One, I am the boss. Two, I am lazy, and I expect you to do all the work. Three, if anything good goes on around here, I want the credit for it. Fourthly, if anything goes awry, I sure as hell want to know why."

Henry, that was the best instruction I ever received from any senior officer because that gave me carte blanche to run the show. I kept Julius' trust. I kept him informed of everything that was important. I drafted some of his personal telegrams, which he always changed because he had a great command of words. I could tell many stories about Julius which I won't take time to relate. Let me tell one though because I think it is indicative of the man and the quality of Foreign Service Officer who best serves Uncle Sam.

Julius and his wife, Henrieta, were expecting their two children for Christmas that winter of 1960. I knew how much they were looking forward to it. I knew also the great disappointment they suffered and felt when they learned that neither child, boy and a girl, were able to join them. So I said to Mr. Holmes, "Well, if you want to celebrate Christmas at the Lacey household, you are certainly invited. But I must warn you, you must be there at least eight o'clock because my two daughters will be impatient to open the presents."

So exactly at eight, up drove the ConGen's car. I opened the side that Henrieta Holmes was on, and my wife opened the other side. Both of them immaculately dressed. He dressed in morning coat, morning trousers, English cravat, and top hat. He bowed to us each formally by way of greeting but said nothing. Walked into our attractive little house on Shousan Hill Road, where my two daughters were eagerly awaiting him. He stepped before my two daughters, took off his top hat and made deep bows to each. He then put it back on his head tapping the top. And then he turned to Lorene and me and said by way

of explanation, "We always wear top hats in Kansas on Christmas." He was a great guy.
[Laughter]

My job as deputy principal officer was one of the best jobs I ever had. We had a large Consulate General. I think it numbered 145 officers and secretaries. Now of those 145, only a handful were Department of State. The rest were other agencies, and you could imagine which agencies predominated. And, yet, under Julius Holmes' leadership, we had a very effective group of China watchers. That was our main mission.

Much of our reporting was regarded as gospel in Washington, at least by some people, as the final word on the China scene. I remember a contretemps that we had with the Department of Agriculture, or maybe the Department of Commerce, over China's food grain production. We had aboard a fine officer by the name of Brice Meeker who guesstimated--not just guesstimated but estimated--that China's production in 1960-'61 was on the order of 130,000 metric tons of grain. CIA experts disagreed radically. They felt the figure was much too low. But, as it turned out, we were right; they were wrong. That was the quality of our reporting on China, generally.

After Julius Holmes left, we were blessed with the leadership of Marshall Green, whom you know well. You know him to be the ebullient, pun-cracking, wise-cracking serious officer that he is. Of all the people that I have ever served under, Marshall was the only one who studiously reflected on the past. He kept copious notes on his most recent tour which was DCM in South Korea Embassy Seoul. He would go over those notes time and time again, rework them, read them, and discuss them with me. I would offer questions, not criticism, but things that occurred to me. We made a fine team.

Another one of Marshall's traits was his ability to handle visiting congressmen. We had untold numbers of VIPs, mostly congressmen, but also generals and admirals and ICA directors by the dozens. I remember keeping track of the one month that I was chargé over the Christmas season. My wife and I entertained 142 official parties, not including their wives and friends.

Q: Were most of them there on serious business?

LACEY: I'm glad you asked.

Q: Or were they Christmas shopping?

LACEY: Well, thanks to Marshall Green, primarily, we made it a point of assuming that they were there seriously concerned about China. But first I have to go back to Julius Holmes, who started the practice. But under Marshall, whose refinements were enormous, we automatically assumed that every single congressional mission, called CODEL, you remember, was there to really learn about China and the U.S. mission in the Far East rather than to shop. Of course, we knew better.

Q: In your heart of hearts.

LACEY: But nevertheless, we insisted upon briefing every single group that came to Hong Kong. We had worked out a one-half hour topnotch briefing mission in which we gave the political, economic, sociological, and strategic information available and our interpretation thereof in terms of the U.S. interests in China. And what's more, those CODELs, for the most part, if they weren't asleep welcoming this insight.

Q: How good was the work of the Hong Kong Consulate General as a listening post? Your frank assessment--

LACEY: Well, at that time--

Q: When you looked at the developing Sino-Soviet rift or internal turmoil in China, how reliable was the information? Did it come out through people traveling out of China or what was it? The radio or press? What was it?

LACEY: It was surprising how much direct information came out of all places, from all over China. There was, for example, in 1962 an extreme drought, a critical water shortage in the South China provinces. It reached the point where the government had to erect cordons of barbed wire, or whatever it is called, around the border of Hong Kong proper to try to hold back the refugees who nevertheless managed to break through regardless because the situation was desperate. Those refugees were interrogated both directly and indirectly by officers in the ConGen and by other contacts we had, including the British by the way.

I can't say enough for the British administration at that time who shared even more vested interest in what was going on in South China than did Uncle Sam because the British colony of Hong Kong was dependent upon water, dependent upon food, both of which came from Mainland China. There was a constant commerce between the two. There are many practical issues that concerned the British administration in the colony of Hong Kong.

They, in turn, shared with us much of their information that they got surreptitiously. Not openly, but they shared it with us. So I would say in terms of our availability to information, the Hong Kong ConGen was probably the center of information as far as American interests were concerned.

Speaking of the American public, we had in Hong Kong excellent working relations with the Fourth Estate. Stanley Karnow was one who was outstandingly good, Bob Elegant another Stan Rich a third, Fessler a fourth. A small group of us had lunch in the old Foreign Service Officers' Club, which was a former house of a taipan, rich Chinese gentleman. "Love is a Many Splendored Thing" was filmed there. Once a week, a group of us lunched including people interested in China and including, especially, foreign correspondents. The relationship that we officials had with these foreign correspondents

was invaluable. Unlike today, one could say, "This is off the record," and give them the background without fear of being trapped in any kind of news leak. They could be trusted. It was another source of information because it worked both ways. They would also repeat stuff to us based upon their many contacts. So to repeat, we had good information.

Now as for interpreting that information, I think we made two grave mistakes. First of all, I for one at least, was inclined because of my earlier NIS exposure in Washington to give the Chicoms too much credit for having more power than in fact proved to be the case. When Khrushchev broke off directly with Mao Zedong, I didn't appreciate the significance of that development both in terms of the effect upon China and also the effect of a threatened Sino-Soviet bloc stance against the United States. I think we should have learned earlier than we did--or at least it should have been built into our briefing earlier than it was--the notion that now the Sino-Soviet bloc is broken up, China became a wholly different kettle of fish or kettle of dragons.

Q: It was at this period also when we began to take the first steps towards our heavy involvement in Vietnam, was it not?

LACEY: Yes. The Vietnam build-up, under primarily President Kennedy, was something for which I have ever since felt personally embarrassed and personally ashamed. Just this noon when we lunched with the two presidents of Ashland College, former President Glenn Clayton raised the question of the importance of Taoism in China. I pontificated by saying, "Yes, the Te of the Tao Te Ching means virtue. But it also is translatable in terms of power, power not in the military, iron-fist sense, but power in the moral sense of acceptability on the part of the public."

I think going back to the Vietnam War, I was thinking like a Taoist when I argued as I did, and also some of my colleagues did that the only thing that the Chicoms understand is power. We must stand up to them. Well, I fail to translate power in U.S. Pentagon terms because in their terms, power was guns.

Q: In American terms.

LACEY: Yes, in American terms. Kennedy was, I think, responsible for transforming what had been a Military Aid Advisory Group (MAAG) in Vietnam into a combat force.

Q: Why did he do that? Why did we feel it necessary to declare the area of Indochina a strategic zone of high importance to the United States and to invest so much treasure and lives in what turned out to be a futile effort to block the communist-led independence movement?

LACEY: Henry, I come back to a simplistic answer. I think, then as now and hopefully less so in the future, I think the American people generally and certainly too many of our officials are ignorant of what is really going on in Asia. Therefore, our politicians are able to exploit that indifference or ignorance in terms of responding to domestic pressures

rather than to developments in Asia. I think the domestic pressure was caught up in a sort of frenetic, emotional thought that we are going to stand firm for democracy. We are going to stand firm against authoritarianism.

Q: Now, your contacts in Hong Kong in the business community there, bankers and government officials, were they supportive of these gradual slow moves in the beginning for the U.S. to replace the French in their involvement with the Vietnamese?

LACEY: I think the word, "supportive," is too strong. I think the business community of Hong Kong--which meant both the Americans and the local people, who were mostly Chinese but also Parsi and Jews--saw this as a moneymaker. They were able to enjoy the prosperity that spun off from our involvement in Vietnam.

As our involvement in Vietnam grew to the hundreds of thousands, the recreational programs that the Army or the Pentagon sponsored for morale purposes involved many R&R trips throughout Asia including Hong Kong. Somewhere I read that only 2 percent of troops sent to Vietnam actually saw combat. The 98 percent "bolstered morale."

Q: So Hong Kong stood to benefit the same way the Japanese benefited from the Korean War. That is, acquiring capital to help them develop and expand their economy.

LACEY: Yes, I would say that.

Q: You went from Hong Kong to serve as consul general. You were your own boss there in Singapore, is that right?

LACEY: Yes. But I have more to say about Hong Kong.

Marshall Green did me the great honor of remarking that I underplayed my role as a bridge between mainland China and the Colony of Hong Kong. In one respect he was right. One could say that in January, 1960 when I arrived, Hong Kong was a remote outpost of empire, important principally because of the impact of the Colony's textile producers on British industry. The ConGen's principal function up to my arrival was China watching.

But as the newly arrived Chief of the Economic Section I inherited a situation in which the Hong Kong Government authorities were being propelled into radically new situations. The momentum of Mao's revolution showed signs of waning. Instead of fleeing from Hong Kong as did many American firms. Big enterprises like Chase Manhattan were seeking to return and I facilitated those endeavors. Whereas the American business community in Hong Kong numbered at most 200 firms when I arrived that number close to or possibly exceeded 1000 in mid 1964 when I left for Singapore.

And the Hong Kong Government itself was being drawn into the international textile market. Hong Kong's textile industries were dominated by Chinese entrepreneurs who

with their looms fled Shanghai from advancing Chicom armies. They joined forces with Hong Kong based manufacturers, making some 45 major textile firms. Textiles represented about 50% of the Colony's exports. As Economic Section Chief I stepped into a heated textile battle between Hong Kong and the USA. Shortly after I arrived--it may have been my very first day on duty--the feisty editor of the Hong Kong Standard, K.T. Wu, printed a heated front page editorial that screamed, "Who Stole Hong Kong's Shirt?"

Hong Kong's ire was directed increasingly at the U.S. government as Uncle Sam turned its fangs away from Japan, which was moving into heavier industry, toward Hong Kong. Fortunately for me, the Lacey's had become close friends of the Hong Kong Financial Secretary, John (later Sir John) Cowperthwaite and his attractive wife Sheila, as outspoken as she was beautiful. John had intimated, despite his fierce belief in *laissez faire*, that quotas perhaps were not too evil. At least they enabled Hong Kong manufacturers to set garment categories among themselves rather than being subject to New York dealers playing one off against another.

That argument became my battle cry as I wined and dined the leaders of Hong Kong's textile community. I also briefed Under Secretary of State George Ball when he came to Hong Kong (July, 1961?). I arranged a high tea at the Peninsula Hotel in his honor, invited textile leaders and suggested to Ball that frankness was the best course in questions and answers. That occasion helped reduce the ire. (An account of this tea party and Ball's role as the Department's chief textile negotiator is recorded in his memoirs, pp 188-193, "The Past Has Another Pattern.")

One evening as the textile tensions between the U.S. and Hong Kong were reaching a climax over quotas, I strolled in walking shorts down Shousan Hill Road to the Cowperthwaites who lived below us. That day the ConGen had received an urgent telegram directing us to expedite negotiations. That was on my mind as I called upon Cowperthwaite. One brandy led to another as our textile discussions became more vague. I left at 3:00 a.m. but before stumbling into bed I drafted my recollections of Cowperthwaite's points. Next morning I reworked my notes and made an appointment to see the Financial Secretary at 10:30 a.m. Said John, to who I had shown my draft cable to D.C., "Did I say all that?" When I nodded my head in agreement, John made a few grammatical changes but did not change the heart of the cable which was sent to Washington after clearing the content with the ConGen.

I should explain here that one of the several tricks I learned from Julius Holmes was what he called "the art of connivance." The essential purpose of connivance was to establish trust with the host government by first showing contemplated reports to Washington to your counterpart, primarily to insure that your reporting was accurate but also to establish good working relations with the host government.

This particular report was received in Washington as a generally accurate statement of the Colony's position which the Hong Kong government accepted. And that is how the U.S.

government signed the first "Long Term Cotton Textile Agreement on the Export of Hong Kong's Products to the U.S.A.

I have much more to say about my Hong Kong tour, but let's move on to Singapore.

Q: Did you find some of the same attitudes there towards Vietnam? Had Singapore become an independent state at this time?

LACEY: No, it was still a part of Malaysia. In fact, I was assigned to Embassy Kuala Lumpur. I reported regularly to then Ambassador Jim Bell. By regularly, I mean perhaps once every six weeks I made a special trip to Kuala Lumpur to keep him informed on what was going on in Singapore. He in turn would occasionally bring his beautiful wife to Singapore. I enjoyed the Bells very much. She was gorgeous to look at, and he was a true veteran of the Foreign Service and full of lore if you could only get him to talk. So we enjoyed the Bells.

But Singapore, generally, was a little less frenetic about Vietnam. Singapore leaders were concerned about Indonesian hostility--Indonesia parachuted soldiers into Singapore shortly after my arrival--and China as much as they were about Vietnam. And Singapore probably made money from our involvement than did other parts of Asia, especially Thailand. It was Thailand that profited greatly from GIs on leave. The thing about Singapore which most impressed me was a personal story, an anecdote which I insist on telling whether or not it is for the record.

The then, still head of Singapore is a man by the name of Premier Lee Kuan-yew. Lee Kuan-yew is a vain but artful, clever, facile politician. I arrived in Singapore when he was up at the Hill Station playing golf for a couple weeks. With the consent of his chief of staff, I said, "I was newly arrived, could I go ahead and pay my calls and perhaps call on the premier later?" Well, that was worked out.

At that time, Singapore was in "confrontation" with Indonesia, literally at war. While I was there, Indonesia landed something like forty parachute troops in upper Singapore in a vain effort to wrest Singapore from Malaysia. In any case, it was a time of turmoil, trouble. It was important for me as the U.S. Consul General, newly arrived, to have the blessing and the backing of Premier Lee Kuan-yew.

When he returned, I again sought an appointment, and his secretary aide turned me down. The words being, "You have already made your calls. What have you got to say to the premier?" As a Foreign Service Officer, you can appreciate my uneasiness. That weekend, I did not sleep at all. I mean, I slept fitfully. But on my mind was how in the world would I manage to see Lee Kuan-yew.

Q: The feeling was that you should have waited and made your initial call on him and then on subordinates?

LACEY: I had asked the chief of protocol for the Singapore government specifically what should I do, and he said, "Go ahead and make your calls and then see Lee Kuan-yew later."

Q: Right.

LACEY: But when Lee Kuan-yew returned, I was informed that, "You have made your calls. There is nothing you need to say further to the premier."

My response was--and I did this through a very able deputy by the name of Dick Donald--to say to the premier's office, "The Consulate General has a very important message from Bill Bundy, the Assistant Secretary of State, which he has instructed be delivered to the premier personally."

Well, the truth was, there was no important message from Bundy. As becomes a well-trained Foreign Service Officer, Bill Bundy was the last one I called on before I left for Singapore. He had spoken about some general guidelines that he expected to be followed, but I didn't tell Lee Kuan-yew that. I left it rather that this was a private message.

Q: Did he receive you?

LACEY: He received me finally. He kept me waiting for a whole hour in a second anteroom. I wondered whether or not I should leave and stand on my uppers or stick it out. I finally decided I would suffer the ignominy of waiting it out. Finally this aide ushered me into the middle anteroom. Again, I was forced to wait about a half an hour. Finally, I was informed that the great man would receive me.

Well, he turned out to be a most charming person. "Oh, Mr. Consul General, I am sorry I kept you waiting. Please sit down." He referred me to a large leather bound couch. The two of us sat down. Instead of the twenty-minute courtesy call, it turned out to be an hour and twenty minutes. Of course, he was interested in that message. I was able to concoct in rather specific Singapore-U.S. terms, what Bill Bundy had said to me but actually in more general terms.

The upshot of that experience was that thereafter--except for the British deputy high commissioner who was the senior officer on the British side--except for him, I was the most welcome of the consulate corps by Lee Kuan-yew. It became embarrassing when Lee would search me out at national days. He would almost ignore others in preference to speaking with me. So that's my little story. Let's turn it off.

Q: We are in the early 1960s when John is assigned as Consul General in Singapore. Why don't you continue from there, John.

LACEY: Thank you, Henry. Actually, the years were 1964-65, and you will recall that was an era of great ferment not just in China or Singapore area but almost literally around

the world. Up to 1960 there had been only some fifty-five member states of the United Nations. By mid-1960, the number exploded into over one-hundred and grew successively to the number which now is around 155 or 156. In any case, Uncle Sam was ill-prepared to deal with that situation. In fact, we weren't cognizant, really, of the policy implications of that explosion towards independence. We later became so, and in my judgment, became unwisely so because of our intransigence towards being out-voted by the United Nations group. But that was a very significant, earthshaking development.

I was there to see how it affected Asian people. My job entitled me to many trips throughout that part of the world. Whenever I had leave, I would plan some kind of self-briefing trip. It was my habit to seek out informed people, journalists, officials of other nations, or own people, to keep myself reasonably up to date on what was going on, not just in U.S.-Singapore relations but in U.S.-Asian relations. What I discovered was these newly independent nations were proud as punch strutting the world stage of independence, and yet wholly ill-prepared and ill-trained, to deal with the affairs of a sovereign government. Our people in Washington were almost blithely ignoring that significant change, perhaps because of their preoccupation with Vietnam.

That is probably one thing going back to Vietnam. Just as we "had to" move into Vietnam because of the failure of the French, so did we feel unconsciously perhaps that U.S. interests in Asia somehow demanded the peace and tranquility that up to then had been provided by colonial powers--the British, the Portuguese, the French, the Dutch and others. I have often thought that that was a major turning point in world events which Uncle Sam has yet to really comprehend.

The other thing significant at that period was that while I said earlier that Singapore was less frenetically concerned about the effects of Vietnam than maybe the Thai, Singapore was at a stage where the British were moving out. That was part of the earlier syndrome that I just referred to. You may remember the clarion call, the British were moving "east of Suez." Remember that? What that meant was in Singapore almost overnight, the British naval bases, which were the headquarters of Britain's Far Eastern Command, were dismantled.

And Lee Kuan-yew used to speak woefully to me, "What are we going to do? We have lost money and protection which British's presence provided. But we are also faced with the task of finding jobs for 50,000 people," former employees of the base. That was a far more searching matter on his mind than was Vietnam. I think that helps put Lee's situation in perspective.

Q: Who was he afraid of in terms of security, danger? Where did he think a danger to Singapore arose?

LACEY: I think in his heart of hearts it was China.

Q: The large Chinese population in Singapore?

LACEY: There was a large Chinese population in Singapore proper. But Singapore is perilously close to mainland China and the Chicom threat. Lee Kuan-yew was smart enough to see that with the withdrawal of the British and with the tides of nationalism, which is a kind of a offshoot of independence, Singapore was exposed to a lot of revolutionary grief. Now, indeed, it was. The KMT, the Kuo min tang, for example, had mercenary forces, in Malaysia, Thailand and Burma, too.

Q: Was the government at Kuala Lumpur still threatened by insurgency at that stage when you were there? Or had that been put--

LACEY: I think Kuala Lumpur was sitting supreme in its isolated ignorance of the world, which is another way of saying I don't think much of the Malay. I never met a Malay yet whom I could trust. They are a very slippery, conniving group.

Let me tell you a story that supports that attitude. Tunku Abdul Raman was in Singapore negotiating.

Q: He was the Malay ruler.

LACEY: Yes, he was the Prime Minister, the civilian ruler of Malaysia. He came to Singapore to negotiate the terms of Singapore's full entry into Malaysia. I was there courtesy of the U.K. Deputy High Commissioner Philip Moore, who was well informed and probably knew more about the Far East, Malaysia and Singapore than even Lee Kuan-yew. This fellow invited me to attend one of the negotiations.

Well, the Tunku and his gang sat on one side of the table, and Lee and his group sat on the other. My friend, the Deputy High Commissioner, sat next to Lee Kuan-yew as an advisor. And I sat at one end of the table, sort of a silent observer.

I noticed that the Tunku was fumbling for what I thought correctly was a cigarette. He finally found one. Then he was groping again over his body for a cigarette lighter. Whereupon Lee Kuan-yew got up, went around the table, flashed on his own cigarette lighter, and lit the Tunku's cigarette. That little act changed the atmosphere completely. Instead of being grousey, the Tunku beamed, rather not beamed, but smiled. From then on, the negotiations proceeded apace.

As it turned out, Singapore in the end established its own independence from Malaysia. But at that time, terms were agreed upon whereby Singapore could be an acceptable part of Malaysia.

Q: So then you completed your tour in '65 and went back to Washington where it seems you had several assignments. One was in charge of Burma and Cambodia. But along the way somewhere you ran into trouble with the Bundy brothers did you say earlier?

LACEY: That was when I ran into trouble with the Bundys. Now, I should explain, in defense of the Bundys, that in 1965 I left Singapore almost on a litter, had been carried to Clark Field in an air-evac plane with my family and had been operated on for a cyst in the cranium. When I came to three months later, that left me completely paralyzed on my right side. Left me speechless. And what's worse, left me unable to read.

I remember, Henry, being wheeled around Clark Field Air Base Hospital by my older daughter. I looked up, and I saw over the door, a red sign. I knew it had to read something significant, but I could not read it. For one of the few times in my life, I returned to my bed, and cried like a baby. But I swore that I would get back on my feet and return to duty.

I was sent to Walter Reed Hospital in Washington where I was treated like an imbecile because that's what I was. I told my wife finally, "Honey, if I don't get out of this ward, I am going to end up an imbecile." She managed, bless her soul, to convey that fact to the doctors. So I was put in a different ward and put on a good physical therapy and remedial program which enabled me gradually to recover the use of my limbs although I am still three-quarters blind. Instead of a 1500 word reading rate, I now can scarcely manage 100 words a minute.

My friends Joe Yager, Roy Wald, John Stanley and Harald Jacobson, those four people and wives, had been at the airport when the plane returned from Clark Field. They kept seeing me, and I told Joe that my only desire was to get back into harness. I remember using that phrase. I didn't know what it meant.

By January of '66 I was enough on my feet that I was bound and determined to get to the office, to the State Department, on the first opening day of the new year. As it turned out, it was a heavy snow storm, and the best I could do was shovel a makeshift path to the bus-stop--the buses weren't running--and then return to my house and collapse.

But I did make it. Brother Joe Yager was kind enough to give me a job as "consultant" on Asia for a paper that he and the Pentagon were jointly doing on a ten-year look at U.S. interests in Asia. I was now sane enough and mindful enough that I learned a lot from that experience but contributed very little, I am afraid.

But by the end of that period, I was enough back on my feet, that I was assigned to State's Senior Seminar. I found that an eye-opening, mind-stretching experience. I want to say something here, Henry, that I am very critical of much the Department of State has done or is doing. But I can't ever take issue with the fact that when one of their people is ill, no holes barred as far as the Department's Medical Bureau is concerned.

Q: They have a heart.

LACEY: They have a compassionate heart.

Q: I agree with you.

LACEY: You do?

Q: Yes. But let's get on to the Burma and Cambodia Desk.

LACEY: After the Senior Seminar that was my first assignment. I was made officer in charge of the Burma-Cambodia desk, in what was then called Far Eastern Affairs but is now called East Asian and Pacific Affairs (EA/P).

I didn't realize in taking over that job that I was not as able as I thought I was. I still had lingering shortcomings including, importantly being a slow reader. But also being a presumptuous fellow, I was ill-advised to take issue with Mr. Bundy.

Q: What was the issue?

LACEY: The issue was Vietnam.

Q: And you opposed what the U.S. was doing?

LACEY: Yes, I did. I thought that we were making a mistake, that the Chicoms weren't nearly as strong as our propaganda made them out to be. I felt also, and this is a very basic point, I felt that Uncle Sam was sending out thousands and thousands of troops to Asia, primarily to Vietnam, without their being briefed at all about why they were going. I know that for a fact because I talked to many of them. I think one of our troubles today stems from the fact that too many of our young people, men and women, black and white, are involved in a show that they had no idea why for. I think Uncle Sam made a mistake in failing to brief them fully.

Q: At that time, there was a feeling that if we lost out in Vietnam, if the communist side prevailed, that the domino effect would go to work and that Cambodia, Burma, and other Southeast Asian countries would be toppled. Did you subscribe to that view?

LACEY: I did, and I do. Contrary to David Newsom, who some years ago wrote an article that the domino theory was exploded, I think it is still a plausible possibility. Had the Chinese Communists been able to work out more cooperative relations both with the Russians and with the Vietnamese some form of communism would have swept over Southeast Asia. Initially they were cooperative. Now, fortunately for us, Russia and China disagreed radically. And even more fortunately for us, the Vietnamese and Chinese disagreed.

Q: But that was not the perception in Washington at the time, was it?

LACEY: No, it was not. When we talk about Washington in my view, simplistic though it may be, I have in mind two echelons. I have in mind the echelon of the expert, whether he

is a China-trained officer or a Russia-trained officer or whatever language officer. I think Uncle Sam, meaning the Department of State and other government agencies, has done an excellent job of training our people in the nuts and bolts of Asian politics and the dynamics thereof. But that is one echelon.

I believe this echelon is too often ignored or overruled by what I call the political echelon, where the Presidents of the United States are interested in repaying political debts by appointing non-career ambassadors. And with the rapid evolution of our international communication system, professionalism seems less necessary. The Ambassador's word--whether that of a career officer or political appointee--is now subordinate to the latest news flash from whatever part of the globe.

Q: How did you know you were in trouble with Mr. Bundy? I mean, how did that drama play out?

LACEY: I took over the Burma-Cambodian desk from a very able officer, Dick Ewing, in July or August--I have forgotten the precise date--of '67. At the time, it was felt by everyone including myself that Burma and Cambodia were sleepy little outfits and that Lacey despite his health would be up to it. But, as it turned out, no one had reckoned with the desire of the Pentagon leaders, especially those concerned with Asia and Vietnam, to step up the ante. The ante being a desire on the part of senior Pentagon mostly Army types to intervene in Cambodia to stop the movement of the Viet Cong down the Ho Chi Minh trail. Remember that?

Q: Right.

LACEY: And the Ho Chi Minh trail went along the border that ended in the southern part of Cambodia. The Pentagon wanted to intercept that trail in the worst kind of way.

Well, John Lacey and a superior person by the name of Evelyn Colbert, who still was intelligence INR/DRF, felt to the contrary. Our argument was, "Look, you fellows, you can't even control the northern part of Vietnam, south of the dividing line. Why do you want to extend the war? I mean, the conflict?" Incidentally, I still refuse to refer to it as a war because we never declared war. In any case, that was our position and EAP's energies focused on that.

Every morning there was a scheduled meeting on Vietnam/Cambodia. The Pentagon tribe would come over the river to the Department of State. We would have prepared our last position in response to their last proposal only to be confronted with a newly-developed position, a new rationale for why American troops should be allowed to enter Cambodia. They wore us down.

I fought that to the point where the word got passed to the Deputy Assistant Secretary of State.

Q: Sullivan?

LACEY: No, not Sullivan, he was much earlier. This fellow was a carpet by the name of Habib, Phil Habib. He called me into his office and said, "John, Mr. Bundy wants you out by noon today."

Q: Had you done something in the morning meeting that had offended him?

LACEY: I have no idea what the circumstances were, but I think the provocation for Bundy's decision was that I had been consistently opposing--

Q: A thorn in the Pentagon's side.

LACEY: Well, in the Department of State's side, too, as far as Bill Bundy was concerned. So I had no choice but to pack up my few papers. I remember going to Harald Jacobson's office who was then chief of the China desk of EAP. I cried like a baby. The second time I have cried. Harald Jacobson was a good family friend and still is. I was mortified, but in retrospect, that was probably the best thing that ever happened to me, Henry, because Roy Wald--whose name I have mentioned before--was now working in the Office of Science and Technological Affairs. He and I had been long-time friends.

As soon as Roy heard that I was jobless, he went to Herman Pollack, his boss, who was the head of that bureau, and told Herm Pollack about me and gave me a good enough recommendation as a Far Eastern expert that Herm Pollack jumped aboard right away.

Q: So you found a mooring then.

LACEY: Yes. And let me say a couple things about that mooring. First, Herm Pollack in my judgment is one of the most astute, most accomplished bureaucrats that I have ever met. He ran a world-wide operation on the smallest budget in the Department of State. How did he do it? By picking up fellows like myself who remained on the East Asian/Pacific payroll and, therefore, were not a burden to his bureau financially, but who were disavowed, for one reason or another, sickness or some other reason, and were available for work in his bureau. Secondly, I became conversant with technology and realized earlier than most its great potential as a new gateway into international conclaves.

Q: Well, that's great. Now, your next post overseas after that interlude was Australia. You were Consul General in Perth.

LACEY: First a Consul, but I made Perth a Consulate General. I want to again refer to Marshall Green who has been a--

Q: Did he become the assistant secretary?

LACEY: Yes. He succeeded Bundy. Thank God. Marshall, who has been a friend for many, many years, knew me well, respected my service under him in Hong Kong, realized that I had more potential than the fact in the file would show. So I received a call from him one day saying, "John, I have a job for you. You won't like it."

"What is it?"

"Perth. Consul to Perth, Australia." But Marshall added, "John, that is only a Grade 4 job, and you are a Grade 1 officer. What a comedown."

I said, "Marshall, good friend, all I want is a chance to prove that I can do it."

So I went off to Perth, Australia. And, again, I am grateful to Marshall Green for his friendship and support but also welcoming the challenge.

And, again, Henry, in every single tour I have had, I have always been there at a transition point. I feel sorry for young people today where the world has become so complex that you can no longer speak about transition points. Everything is a transition.

Q: Constantly.

LACEY: Constantly. But back in those days, whether it was Taiwan where things were beginning to change, or Hong Kong where things were importantly beginning to change, Singapore . . . every single post I have had, including Perth, Australia, was at a "visible transition point."

Q: What was happening in Perth?

LACEY: What was happening in Perth goes back three years earlier, maybe four, when the Australian government passed a law opening up the Australian mine riches to foreign investment. Now up to that time, they had been dominated by an Australian company, The Broker Hill Corporation. But many Americans--not many, but quite a few, alert American business types including Cleveland Cliffs which is very close to us here at home--had sent out explorer groups to test the ore and to initiate negotiations for the lease or actual ownership of iron ore and bauxite fields. That happened three or four years earlier than '69.

But in '69, things were beginning to open up. I have always been associated with the Chamber of Commerce. I found the chamber a good source of information because of their varied membership. But at the time, the Perth Chamber of Commerce numbered less than 200 people. In fact, it was far smaller than that. I can't give you the exact number. By '72 when I left, it was well over 2,000 people. That is a measurement of how rapidly Australia was changing in terms of U.S. interests.

Also what was exciting about that post was the Northwest Cape, a naval installation still runs the major world-wide underwater communications system with Polaris subs. So it was strategically important to us.

A third thing that made it exciting was that in terms of our space age, Perth, Australia, or a point nearby, is one-third of the way around the globe. If you take off from Cape Kennedy, it is the first point of encircling the globe as you soar into orbit. If there is any trouble, that is the point where--

Q: Go or no go.

LACEY: Go or no go. There was yet a forth aspect that made Perth important and that was the U.S. Naval build up of Diego Garcia, our outpost in the Indian Ocean. Perth was a major transit point and I met lots of Navy officers and men. So that also made it exciting. Being a person of vicarious interests, I found all this heady stuff. And I thoroughly enjoyed that tour and usefully so. I was able to do what I think is the basic role of a Foreign Service officer, that is, to communicate with people. I have somehow had the good fortune to do so. My ability to communicate is not perfect but neither is it all that bad. I was able in Perth, as in other assignments, to get along with the laity, with the priesthood, with the money-grabbing businessman, with the scholar, with academic institutions generally, with the myriad institutions that comprise society. "Western Australia." I have been able always to count on entrée to almost any society that counted.

Q: That was an important ability in a place like Perth I think where public relations was certainly a large part of your job.

LACEY: That was the only part of the job, really, but yes, an important part.

Q: Then your next assignment after Perth was Rangoon as Deputy Chief of Mission.

LACEY: That was both a very happy and a very sad experience for me. My first ambassador was Ed Martin, himself a China watcher, of scholarly inclination. He was quite content, having sized up the U.S.-Burmese situation, to keep himself informed, to act in "a responsible manner" but who really knew down deep in his heart that nothing important was going to go on of consequence to Uncle Sam.

Way back in '62 when I first visited Burma out of Hong Kong--this is one of the many trips I made throughout Asia--in 1962 I visited Rangoon. I was entertained and well cared for by the then Chief of Station, Horace Feldman, and his lovely wife, Joan.

But my first appointment was with a textile entrepreneur, textiles being one of my sub-jobs in Hong Kong. I was the textile negotiator for Uncle Sam. I had gone to Burma primarily for textile reasons, and my call was in the morning of the next day. I arrived to be greeted by one of the leading textile manufacturers. And I found him almost in tears. A Chinese seldom cries. Now a Burman is mostly a Chinese by blood way, way back in

time. In any case, the smart money in Rangoon then and now stemmed from that kind of blood relationship.

But this time, I met this Chinese oriented entrepreneur whose name I have forgotten. He dutifully took me to lunch and dutifully showed me the plant, but in the course of doing so, lamely said, "I am forbidden by General Ne Win any longer to trade with Communist China. (Communist China grows long staple cotton.) That is the only cotton my mills will take. Now what do I do?"

Well, that was the beginning of the end of the Burmese economy. This situation a sidelight on the way things were at that time.

Q: Why was Ne Win so opposed to the Chinese? Were the Chinese insurgents in northern Burma giving him problems?

LACEY: That was one of the more immediate reasons, but I think in deference to Ne Win, his concern however misguided, was truly a commitment to what he conceived to be real neutralism. Because along with the Chinese, he had to fear Russians, and Americans.

Q: So he was really sealing Burma off.

LACEY: Not sealing it off so much as carefully guarding the entrée of America, Beijing, and Moscow. Whatever he did for one, he always did for the other two in the interests of neutrality.

Q: Now, when you were in Burma, this period in the mid-'70s, was there a narcotics problem that was of grave concern to us?

LACEY: There was, and I am pleased to say that I had a very important hand in helping resolve it--rather take steps towards its resolution. The then station chief was a fine able officer by the name of Clyde McAvoy. Now Clyde McAvoy and I frequently fought like cats and dogs. I thought seriously that the ambassador ought to be informed about everything that was going on in his mission. I soon discovered that that was not the case. Along with CIA having its own transmittal system, so did the Pentagon. And I want to come back to that point too because I think it's important.

In any case, regarding opium and the transformation of opium into other, harder drugs, Clyde McAvoy had worked out with the Hong Kong secret police a deal whereby if Uncle Sam would provide the wherewithal, including both aircraft and training, the Burmese government would welcome that. And they welcomed it because of something you mentioned earlier, namely, their own fear of upland intransigents and opposition, especially from two groups, the Karen and the Shan. And I stumbled upon that fact quite accidentally one day.

Q: The fact that the CIA was giving them this aid?

LACEY: No, not giving them aid. Through CIA I learned that the Burmese government was interested in support. So I said, "Well, Clyde, that is something that the ambassador should know about." He quickly agreed. The two of us went into the ambassador's office, and Clyde told the ambassador all that had transpired up to that point in time. Ambassador Ed Martin, who was always looking for a way of getting into the closed Burmese society, decided it was U.S. interest to support that project and personally sent a telegram to Washington to that effect.

Shortly thereafter, Ed left for what turned out to be retirement. So for a long time I was chargé and working with McAvoy primarily but also with our political Counselor of Embassy, Paul Jerome Benette. Jerry, was a real Burma expert, we drafted what was to be the first narcotics treaty on cooperation between our two governments. The terms of the treaty called for something like twenty-three million dollars worth of assistance. Far more than Burma had agreed to receiving from us or from anyone else for a long time. The treaty provided for both training Burmese pilots and soldiers on anti-narcotic measures and in providing a wonderful kind of airplane. I think it was called the STOL, whatever the name--

Q: STOL, yes, vertical takeoff.

LACEY: Well, we provided that. Let me tell you a story about CIA and why I have such a high regard for Clyde McAvoy as station chief. He had reported to his own people, and they came out to inspect the fact that, the Shan and the Karen primarily, were growing opium and that there was a distillery on the Thai side of the border of Burma where it was converted into heroin and harder stuff. The region is called The Golden Triangle, lost in the political vocabulary of President Bush.

Clyde went up in an airplane to spot this place. He himself told me this story. I was not present. He said, "We went over one hill, looked down the valley, nothing there. Next mountain, nothing there. Next mountain, nothing there. Our plane was beginning to run out of gas, and I said, 'I am certain there is such a place. Go east up to the point where you have to go home because of fuel shortage.'" And, my God, there down in the valley was the distillery that he had read about and gotten reports about. He now could see it with his own eyes.

Q: Was opium production and our cooperation the key issue that you all had with the Burmese during that period?

LACEY: That was probably the only issue of consequence.

Q: You know, a few months back, there were these disturbances in Burma with movement for democracy by students and others squashed by the government. What was your sense of the way the people, the average Burmese in cities, reacted to the government?

LACEY: The first reaction of the activists was one of running away to the foothills.

Q: If they had a problem with the government?

LACEY: Yes, because they had a problem with the government.

Q: No, no, but I mean in your time.

LACEY: Oh.

Q: What was your perception of how well the government was doing in maintaining the allegiance of its citizens?

LACEY: I thought it quite effective for two reasons. One was the way they exploited the Burman not the Burmese--but the Burmans propensity for Buddhism. The state let it be known that the Shwedagon pagoda, as far as the authorities were concerned, was above ground, not off-limits. Although I know for a fact that senior Burman officers begrudged how much riches in jewels and gold were being thrown away in worship of the Lord Buddha--that is their term not mine--I felt that the government, if not encouraged did not discourage, Buddhism was one of the elements making for stability.

The other thing which I think the Ne Win government stood for was open support for education. Now that support had to be limited in terms of recurring broken down university buildings, but education was encouraged as a matter of state policy. The Burman elite--officials, teachers, broadcasters and others whom I knew--were worldly wise.

Q: But wouldn't that produce the kind of society that would question authoritarian government in Rangoon?

LACEY: Well, it probably did and ultimately did. But at the time, the Burmese police were omnipresent. And I can tell you a graphic story that illustrates that point very well.

We were always entertaining people from the U.S.A. One person, a well-known national, international economist, Warren Huntsberger and his wife came to Rangoon as our guests. Warren had been my first Chief of the intelligence Division of Research for the Far East (DRF). I had called up the president of Rangoon University, U Maung Maung Kha whom I knew quite well from cocktail parties and liked, but who had been refusing to receive any of my proposed guests that I wanted to call on him. In this case, when he heard about Dr. Warren Huntsberger he agreed to see him. We made a call on him at the university. He received us graciously and spoke rather openly.

At the close of the meeting, I said, "Doc, why did you receive us now as against other times?"

He said, "Oh, John, it is not a matter of discourtesy. It isn't a matter of not wanting to meet people, but every time I receive a foreign guest, American or otherwise, I have to write out a complete report on what transpired, on what he said, on what I said. It is so much trouble that I prefer not to receive foreign guests."

Now that is how pervasive the police system was--or at least how pervasive was the fear of the police.

Q: You said that Burma was a happy post, but it was also a sad post.

LACEY: It was happy because, first of all, Ed Martin was a great ambassador and his wife, Emma Rose, a fine lady. We admired the Martins. And, secondly, because I had a lengthy period as chargé when I could run things the way I wanted to. And the way I wanted to was consistent with U.S. policy.

Then, alas, from my point of view, we got a second ambassador. David Osborn his name was. He had been l'enfant terrible, a term I reserve for people of a specially-gifted mentalities. Dave Osborn was a master of foreign languages. He had been DCM in Embassy Tokyo, at least he held a high position in Embassy Tokyo. I had known him earlier in the Department of State concerning Chinese affairs where he was a gung ho man. Truly a gifted linguist, whom I thought would be a friend. I welcomed him. In fact, my wife and I went more than all out to receive Ambassador Osborn and his wife, Helenka.

As it turned out, for reasons which I have never been able to diagnose, the Osborns and the Laceys didn't strike it off at all well. I think part of the trouble was Helenka, a very gifted woman, who resented the fact that my wife was an able shopper and had acquired quite a few Burmese works of art--or at least Burmese artifacts, I won't call them works of art. In any case, I think that was one of the causes for friction.

But another cause for friction was that David really wanted a friend of his from Embassy Tokyo to be DCM. He was able, however, to bring him in as chief of the administrative section. I have always had the feeling that the two were far closer than I, the DCM, was with the ambassador.

In any case, what may have brought this division into the open were two things. One, the previous admin officer, whom I greatly liked, if the truth be known was something of a conniver. He never did anything completely illegal but tended to operate sometimes on the shady side.

Q: In the interest of the post.

LACEY: Beg your pardon?

Q: In the interest of the post.

LACEY: In the interest of the post, of course. That had given the ambassador and his newly-appointed admin officer some ammunition for taking issue with Lacey's charginess.

The other thing that may have caused trouble was not unique to Burma. At no post I ever feel that the Pentagon representatives, namely the Army attaché or Naval attaché or whatever, was really in step with the State Department. I always felt that they had their own axes to grind. In the case of the U.S. attaché to Burma, I felt that he was not doing his job because while he was able, unlike most of us, to travel widely throughout Burma--in fact, he one time saw the Burma Road which I dearly would have liked to see--he didn't report anything. Or, if he reported it as I believe he did, he reported it through his own channels. His name was Harry Summer, affectionately known as Colonel Harry. Well, Colonel Harry and I were, for the most part, congenial compatriots. But increasingly, I took issue, and rather unfortunately for me, explicit issue with Colonel Summer's failure to report on things military. Of anything that was going on in Burma, the most important thing was Burmese military operation.

I had the unhappy job of writing up Colonel Summer's fitness report which was signed off by the ambassador. After showing it to Harry, and he disagreed, of course, I turned it over to the ambassador for review. In fact, I remember calling Harry into the ambassador's office. This was Ed Martin. Ed Martin signed off on it. But that was a mistake, a mistake for me and my career because I hadn't estimated correctly the strength of Harry's friends back in Washington. As it turned out, after I left, he was reassigned back to Rangoon as being one of their fair-haired boys.

As a sequel, I must say this of Colonel Harry Summer. He turned out to be, in retirement, not only a prolific writer on the Asian political scene but very informed, graphically so. I have often thought--and I have been saving all these Colonel Summer articles thinking that one day I would write to him and apologize.

Q: Well, after Rangoon, then, you came back and retired for personal reasons.

LACEY: Yes. I had mentioned those earlier, namely, the health of my wife's family and my aging father.

Q: Family Tier brought you back to Ashland.

LACEY: Yes.

Q: Is there anything else you would like to reflect on or anything you have left out?

LACEY: You have asked me for a kind of a valedictory on my career. First and foremost, I think Asia, from all measurements, is the force of the future. And I think the U.S. stake in Asia in the long run is probably greater than any place else in the world, including

Europe. Whether or not you believe that, that's the way I feel. Since I have retired, I have made that a kind of a crusade. And I welcomed the chance to teach, to lecture, to beat that drum on every possible occasion. That is point one.

Point two. I think U.S. policy towards Asia, generally under any administration, has been shapeless. Primarily it has been lacking because we have too few people, even now, too few people who really understand the dynamics of Asia. And although we have many specialists on funereal practices or aborigine folklore or all kinds of special studies, there is still lacking a comprehensive, integrated view which I think is required if Uncle Sam is every going to function effectively in that part of the world.

Function effectively? I have in mind two things. One, referring earlier to the two echelons of policy-making leadership, I think the higher of the two echelons has been able, because of the ignorance of the American people or indifference of the American people to Asian affairs, and because of our primary European centricity, it is possible for the administration to get away with murder. Or, at least, to get away with many things which are most questionable. There is too much of a tendency to exploit what happens around the world, especially in Asia, in terms of its domestic impact upon the United States rather than in terms of our long-range strategic interests.

I also feel in this connection that the Department of State and Washington in general, including most recently the last two presidents, have over-stressed the importance of the non-career political appointee as against the trained, disciplined Foreign Service Officer.

I have nothing against political appointees. I remember serving in Australia under a former Reynolds Aluminum man by the name of Walter Rice. There couldn't have been a more astute appointment at that time because at that time Australia, as I mentioned earlier, was opening up its mining facilities. And it was important for us to have as an ambassador someone who understood mining, as I would not, and I would think most Foreign Service Officers would not. So I am not speaking against all political appointees.

But I do think there has been an undue preference. In fact, if I remember the statistics, what used to be a sixty-forty ratio in terms of career appointees to non-career appointees, I think under Nixon or under--

Q: Reagan.

LACEY: Reagan. That proportion has been reversed. And I think to our sorrow. And I don't look forward to Bush's being an important corrective of that sorry state.

Q: What about the quality of our Foreign Service Officers? Have you noticed any change?

LACEY: I have. I think on that score--and this is indeed the third thing I was going to say--I think, speaking generally, Americans have lost their structured sense of values.

And I use the phrase, structured sense of values, without really knowing what I am talking about. But by structured I mean the old-fashioned days when parents respected children, and children respected parents, and when parents, for the most part, respected presidents.

I can remember as my first days in the diplomatic service, I thought anyone above me was God-like. What I see now and what I know to be the case--because I just was in Washington recently--that sense of obligation, that sense of civility, that sense of responsibility has been dissipated. Not so much because of the decline in the Foreign Service personnel per se as by the misuse of the Foreign Service and the way it has been kicked around by higher authorities for political purposes.

I believe also that women's rights have reached the point where that's a corruptive force. I would hate to be a personnel officer looking for a place for an assignment for a man and his wife who have completely different interests but who would like to live together. I can't imagine a more taxing burden.

Q: To try to find them both jobs in the same embassy.

LACEY: Yes. Or the same capital if not the same embassy. In fact, most women, if I understand it correctly today, would prefer not to be associated with the embassy. I can remember when my favorite wife and other women, career or otherwise had to bite their lips, but they listened to Mrs. Rankin and cow-towed to Madame Chiang Kai-shek, even though they disliked the obeisance, because that was the thing to do. And that "sense of thing to do" has long gone by the boards.

Finally, I foresee the day when Uncle Sam increasingly is going to lose clout in the world. I fear we are doomed to be a second-class power. As a proud American, that disturbs me. But as an anxious American, I don't know how to change that trend.

Q: Because of the economic complications in our international affairs?

LACEY: Primarily that. But that again goes back . . . Let me end on this note. If I had a message delivered to every classroom in America, it would be, "For goodness sakes, kids, familiarize yourself quickly with things Asian, with foreign affairs, and how your government serves you abroad. Since I am concerned with Asia for the reasons I mentioned, I think Asia is the most significant sector of the world."

In fact, let me end on this happy note, Henry. Three years ago as a member of the Ohio Friends of Library--I am a director of that nonpartisan, nonprofit group of senior people concerned with libraries throughout the state of Ohio--three years ago, I presented, to these friends, a proposal. Why not establish a program called Bringing the World to the State of Ohio? And that was approved.

But as soon as I got into it, and I was the chairman of a three-man committee in charge of this program, I realized that the concept was far too broad. So I narrowed it down from

the state to the county of Ashland. I found the county too broad. So I narrowed it down to the school district within the city of Ashland.

Next October, 1989 as a spokesman for the Ohio Friends of library, I am to present before the joint meeting of the Ohio Library Association and the Ohio Education Media Association, a ten-minute presentation, in which I will try to sum up the importance of the world to the state of Ohio. And not just economic importance, but I would say cultural importance, religious importance. I thought of that today at lunch when President Joe Schultz charged thee and me with not being immersed sufficiently in religious matters.

Well, that's another way of saying I think American people ought to know more about the culture and, importantly, the ethnic differences rather than just political differences.

Q: John, I think that is a noble calling, and I wish you well. Certainly, you have given us a full menu of material to digest. I think it will be useful for scholars in the future, and we appreciate your time.

LACEY: Thank you, Henry.

End of interview