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

JOSEPH A. YAGER

Interviewed by: Charles Stuart Kennedy
Initial interview date: November 3, 1999

TABLE OF CONTENTS

Hong Kong/Peking (Peiping) - Consul	1950-1951
Fraud	
Korean War	
British	
China watching	
Macao	
Communists	
State Department - INR - Far East	1951-1957
Sources of info.	
NIS Studies Program	
Colonial powers	
China	
Japan	
“Cicero” affair	
CIA	
Academic panel	
Taipei, Taiwan - Acting Deputy	1957-1961
Chinese	
China lobby	
Chiang Kai-shek	
Mainlanders	
Quemoy-Matsu	
Recognition	
Taiwan Straits	
Chinese “special forces”	
Congressional interest	
President Eisenhower visit	
State Department - Far East Affairs - China Affairs	1961
China-Soviet split	
U.S. China policy	
Harriman	
State Department - China, Japan, and Korea Affairs	1961-1963
Great Leap Forward	
Koreas	
AID	
Okinawa	
Harriman	
State Department - Policy Planning	1963-1968
Policy papers	
Vietnam - U.S. forces	

MacNamara
Long-term China Study
Walt Rostow
Tet Offensive

Institute for Defense Analysis 1968-1972

Brookings Institution 1972

State Department - Office of China Affairs - Director 1961-1963
Policy recommendations
China policy
White House interest
China-U.S. Warsaw talks
Japanese
Korea
Cuban Missile Crisis

Institute for Defense Analysis 1968-1972
"President and the Management of National Security"

Brookings Institution 1972-1996
Energy and U.S. foreign policy
Non-proliferation

Science Applications International Corporation [SAIC] 1996

INTERVIEW

Q: Today is November 3, 1999. This is an interview with Joseph A. Yager. This is being done on behalf of The Association for Diplomatic Studies and Training. I am Charles Stuart Kennedy. Can you tell me when and where you were born and something about your family?

YAGER: I was born on April 14, 1916 in Owensvillle, Indiana, a village of less than 1,000 inhabitants. My family had lived on a nearby farm since the 1830s. They had come there at that time from Kentucky, where they had lived for a generation. The Yagers originally settled in Virginia near Culpeper in 1717. So, that is the Yager side of the family.

My mother's maiden name was Pratt. She was born in Rolling Prairie, Indiana, which is near LaPort, Indiana, in the northern part of the state. Her father was born in Reading, Michigan. He became an orphan at about the age of eight. So, I know really nothing about his family. I know a great deal about the Yager family, because it's been fully

researched back into Germany in the mid-1660s.

Q: Your father and the Yagers were basically a farm family, would you say, or had they switched?

YAGER: I think they were probably farmers back to the Stone Age. Certainly they were farmers in North America. My father, however, after being a schoolteacher in his youth and superintendent of the township schools in Owensvillle, became a lawyer. I moved with him to Ann Arbor, where he finished his law degree. He was first in his class. He wanted to practice law in Indianapolis, but in 1920 when he graduated, there was a depression and there were just no jobs there. He found a job in Toledo, Ohio.

Q: What was your mother's background as far as education and all?

YAGER: She had two years of college at Valparaiso College, which is now a university. The two years gave her some kind of a teacher's certificate and she taught school for one or two years.

Q: When did you go to Toledo?

YAGER: 1920.

Q: So you really grew up in Toledo.

YAGER: Yes, I did. I left there to go to the University of Michigan at the age of 18.

Q: Let's talk a little bit about Toledo. Where in Toledo did you live?

YAGER: In West Toledo, which was then a booming area of people coming in from the countryside for various kinds of professional and skilled jobs. There was always a new house being built somewhere at the edge of the city. The schools were quite good. Toledo had two years of public kindergarten at that time, which would be unthinkable today because of the expense. It was probably a good place to grow up. However, it's worth noting that Toledo has a character that is not entirely pleasant. I think cities have characters. Toledo is a hard, tough city. My first image of Toledo was when we went to look at the house we were going to rent, and two gangs of boys and girls were throwing hard clods of earth at one another. Zap, zap, zap! I was quite shocked at this, because I had lived a protected life in Ann Arbor. But that was an accurate view of how Toledo is fundamentally. It’s a hard, tough place.

Q: It's a manufacturing town.

YAGER: Yes. However, in my neighborhood, not everyone by any means was employed in manufacturing. The father of my main playmate was an optometrist. Of course, my father was a lawyer. Our neighbor was an auto dealer. Another close neighbor was a skilled worker in the Willys-Overland plant. He made wooden models from which they

made the dies for automobiles.

Q: Toledo later became well known as the place where the jeep was first built.

YAGER: Yes.

Q: My father was a salesmen for the Hixon-Peterson Motor Company in Toledo.

Let's talk about elementary school. Do you recall any of your teachers or subjects that particularly interested you?

YAGER: I was fortunate in kindergarten. My first teacher had been a nurse in World War I. That was only two years previously. She taught us French songs and was a very good teacher. The next year, the teacher was an old professional and was a little more hardhanded, but I think was also quite good. The first grade teacher was very good also. The school had been an old country school. The third and fourth grades were in the brick schoolhouse. The other grades were in temporary wooden structures. The school went only to the sixth grade at that time.

I had learned to read a little bit before I went to kindergarten. I skipped the second grade, which in those days was quite common. I was put into the brick building with the third grade and was allowed to take geography with the fourth graders. A new school was built not far from the old one and we moved into it when I began the fourth grade. The new school had all eight grades. Again, I think my teachers were quite good. I was usually pretty close to an all A student. I think I was probably at the top of my graduating class, but I don't think they ever announced that. I gave a talk at the final gathering, a dinner party at the school. I suppose I was the valedictorian, but they never called it that.

Q: You mentioned geography. Was this a course that particularly interested you?

YAGER: Yes, it did very much. When I was taking it with the fourth graders, we were given little descriptions of Wrangel Island and Timbuktu. I was fascinated by both of them and told the teacher I'd like more of those papers, but they seemed not to exist. I did like geography, and I've always liked history, too.

Q: Talk more about the elementary times. Was there a library close by? What sort of reading did you do?

YAGER: My father was on the library board during much of my grade school years. He had been a teacher, too. He took quite an interest in his sons' reading. Possibly because of his influence on the board, a new library was built about half a mile away. It was the first library - at least in Toledo - that was made to look like a large residence. It fitted into the neighborhood very nicely. My father went to the library every week and got books that he thought were suitable for the reading ages of his sons (There were three of us.). He never said, "Don't go to the library," but we rarely went there. We were being fed carefully selected doses of reading. I remember, a friend of mine had the Tom Swift books.

Q: "Tom Swift, the Electric Submarine" and all of that sort of thing.

YAGER: Yes. One morning, while my father was shaving, I said, "I'd like to have some of those Tom Swift books." He said, "Those books are trash. I will buy you one and that is all." That is what happened. He knew that, although they were entertaining to boys in grade school, they weren't really very good reading material.

Q: Of course, they did give a sense of adventure.

YAGER: Oh, yes.

Q: This pushed the button.

YAGER: I didn't really get the full dose. I was getting a little better things.

Q: Do you recall any of the books?

YAGER: No, I really don't. I remember a book by Lincoln Steffens which I was rather fond of. Steffens was a critic of society. Do you know the name?

Q: Oh, yes, "Muckraker" and all that.

YAGER: Yes. Actually, that was probably my father's own political point of view.

Q: Roy Ashler was one who wrote a whole series of books on the Civil War and the West and all that, adventure stories.

YAGER: I guess in high school I would have read things like that. I read the Sandburg books on Lincoln. My father had quite a Lincoln library. Another thing I should mention is that, as I grew up, practically every breakfast and supper (You didn't have dinner in the Middle West in those days, only supper.) was a seminar. We would talk about local and national politics, mostly those things, or anything in the news. The first news story that I can remember was about the French reoccupation of the Rhineland. I remember asking my father about that. He, of course, was well informed about it. So, I feel I was unusually fortunate.

Q: You certainly were. Where did you rank within your brothers?

YAGER: Oldest.

Q: Were you in Toledo when Lindbergh...

YAGER: Yes.

Q: That must have been quite an occasion, wasn't it?

YAGER: Yes. In those days, if an airplane flew overhead, it was an event. That was quite exciting. In those days, the newspapers would put out an "EXTRA" when anything interesting happened. You would hear newsboys running around shouting "Extra! Extra! Extra!"

Q: I guess the paper was "The Toledo Blade" at that time or was there another?

YAGER: There was also "The Toledo New Bee." I always joke to my wife that she closed down the News Bee. The announcement of our marriage had a picture of her in the last edition of that newspaper.

Q: You went to high school in Toledo?
YAGER: Yes.

Q: What about there? There, one gets a little more into specific courses and all that. What was particularly interesting to you?

YAGER: I probably better tell you what high school really was. I lived in a rapidly developing area. The schools had a hard time catching up with the student population. So, when my age group reached the ninth grade, there was no place for us to go. The high schools were full, and they were just planning a new high school. So, they put us from a rather large area, into the top story of a grade school and called it a "junior high school." I was president of the student council in my first semester there (In the second semester, I lost in my homeroom by one vote). The council first gathered in the office of the assistant to the principal. She had been in a similar job in my grade school. So she suggested to this group that I would be a good president. They didn't have any other ideas, so I got it. It was really sort of weird.

In the next year, we had to go to a very distant high school for one year. Then, in the junior and senior years, we were in the new high school. The first year, there wasn't a senior class. We were the top dogs and in the next year we were again the top dogs.

Q: That was kind of fun.

YAGER: Well, yes, it was. You asked about courses that I liked. I really liked almost everything. History would be the course I liked the most. I even liked Latin. I wish that I had taken a modern language, but my father, a lawyer, thought lawyers should know something about Latin. I think that was probably exaggerated, but I did like Latin. I liked mathematics. I took an extra course in the senior year in mathematics. It covered solid geometry and trigonometry.

Q: You were in high school during the real advent of the Depression. You were there from 1930-1934?

YAGER: I was there from 1929-1933.

Q: How did that hit your family and your area of Toledo?

YAGER: The Depression it hit before the stock market crash. There were four sizable banks in the city. I can't remember the names of all of them. Three of the four failed even before the stock market crashed. My father was in the market indirectly. The firm that he had joined (He came in as an employee, but became a partner in a few years.) had a stock account with quite a bit of stock in it. They held some of it on margin, and owed brokers a lot of money. The partners were responsible for paying off that debt. That was a burden for my father for several years. We had our own bank account in the bank that did not fail. My father continued to have a good law business, but had difficulty collecting his fees. I would say that we were very little affected, but I realized that money was tight. For example, when I was a senior, I had a burst of effort to become an athlete. One of the things I could do was highjump. I needed special shoes for highjumping. My father asked me to pay for those out of my own bank account. I think we were talking about three or four dollars. Many families who were very hard hit were put under some pressure. My father I'm sure was under great pressure. I remember that he developed a stomach ailment, and he would eat milk and toast for breakfast. The doctor said to do that. To me, the Depression was an interesting problem. I was already interested in economics. I had a course in economics as a senior. I liked the teacher, but I thought he didn't know his subject. I don't know whether you care to know what I did in high school.

Q: I do.

YAGER: Well, I weighed 150 pounds. I was not big enough for Ohio high school football. It was pretty rough stuff with the big boys. In Toledo, football was an outlet for this characteristic of the city, the hard, tough guy. But I did try football and track as a senior. I was in one meet as a highjumper. I wasn't very good.

I was active in the student council again. I was a member in both my junior and senior years. During my junior years, I was selected to attend the All-City Student Council, and I became a president of that body. It sounds very glorious, but it really was next to meaningless. However, I liked the experience of being on my own school's student council. I was the promoter of a subversive activity on the council. I got the council to conduct an evaluation of the teachers and I wrote the questions for the evaluation. We did it in a very responsible way. We selected for each teacher someone who knew the teacher and who we thought would take the evaluation seriously and not do anything wacky with it. Each participant was to get four people to fill out questionnaires.

One day, I was sitting in English class waiting for the class to begin. The teacher came to me and she had one of the questionnaires that she had found on the floor in the hall. She said, "Joseph, what is the meaning of this?" I said, "Oh, I heard something about that. The student council is doing something about that." Of course, I was the big culprit. A few days later, the president of the teacher's association (not the PTA) called me to his office and demanded that I give him the questionnaires. I said I wasn't going to do it. He said, "Give them to me." I didn't do it. I gave them to the principal. This may in an indication of my stubborn character.

Q: It really goes to the foundation. I'm sure the teachers were saying "We're not going to let the lunatics run the asylum." At the same time... They do this at universities now with mixed results.

YAGER: Yes. I think it was an interesting experience.
Q: You mentioned that when you first got to Toledo this was a rough city. Did you get involved one way or another with any of the rough gangs?

YAGER: In grade school, I had a little trouble with a nearby Irish family. The oldest boy in the family decided to take me under his wing because he admired my father. That saved me from the threats of his next two brothers down the line who had been causing me a little bit of trouble. That may be the most serious problem that I had. Looking at it from a citywide point of view, I remember that I would never have thought of walking through one of the two large Polish districts in the city. I thought that the Pollocks [Polish people], as we called them, would recognize me as an outsider, and they would beat me up. Even going into the next school district when I was in grade school, I felt that I was in enemy territory. I now think this was probably more of a feeling than a reality. I don't remember any gangs, at least not in my schools. Of course, my schools were in the relatively affluent part of the city. There weren't many recent immigrants in our area. Our parents came from the countryside and were mostly of German or British ancestry.

Q: What about social life there? Were the boys and girls dating much?

YAGER: I wasn't. I was very shy. When at the age of 13 I came to the ninth grade in our pseudo junior high school, my wife to be was in my homeroom. I greatly admired her and decided I was going to marry her. But I wasn't in a dating mode yet. I didn't have a date with her until we were sophomores in college.

Q: You graduated at the age of 17 in 1933. What were your plans?

YAGER: Ever since I could talk, I had been informed that I was going to be a lawyer. I didn’t resist that. So, the path that I took was to enter law school at the end of the third year of college. If your grades were not too bad, you could do that in those days. So, I went to law school, but I didn’t like it.

Q: You went where to law school?

YAGER: Michigan. I got a law degree.

Q: When you went to Michigan, was it that you had to do undergraduate study before you...

YAGER: Yes. I did three years of that.

Q: Let's talk about the undergraduate time. What courses were you taking?

YAGER: I suppose that if I had had four years, I would have had a history major. Pre-law students were required to take American constitutional history and English constitutional history. I did take physics, which turned out to be useful many years later. I liked science, but I guess that my main interest would have been in history. I didn't take any political science as an undergraduate.

I went to law school for three years. Michigan is regarded as one of the best law schools in the country, so I was fortunate to be there. However, as I said, I really didn't like it. Halfway through, I wanted to quit and get married, but my father was against it. He sent me to various people of his generation for advice and they all advised me to finish. But the argument that really got to me was, "If you quit now, you can say 'I had two years of law school.' If you finish and get a degree, you can say, 'I have a law degree.' What sounds better? So, I did finish.

Then I went directly into graduate economics. I started in summer school after graduation from law school.
Q: What attracted you towards economics?

YAGER: I found it easy. That's always a good thing. Also, the Depression was still going on. I was interested in it. I had the delusion that lawyers were simply administering the status quo; economists could change it. I learned when I came down to Washington that lawyers run the United States government. If I had known that, I might have been more interested in law school. But I had this ignorant delusion about economists.

Q: Well, it was the heyday of the New Deal.

YAGER: I was a New Dealer.

Q: "Economics" was a big word in those days.

YAGER: Yes.

Q: It was economics that was going to take us out of the Depression.

YAGER: Absolutely. I was swept up by that idea. I felt that I was taking law courses and that didn't have much to do with that, although I liked some of my professors. So, I went directly into economics. I did quite well in it. After a couple of years, I was able to pass what Michigan calls the "prelims." They are several days of comprehensive examinations. But I never went beyond that. I never wrote a dissertation. I came down to Washington because I needed a job.

Q: During this time you were at Michigan, from 1933 until about when...

YAGER: I left there in early '42.
Q: Big things were happening in Europe and in Asia. Were you following this?

YAGER: No. I was a typical product of the Middle West, I guess. I was interested in who would be the next governor of Ohio. I admired franklin D. Roosevelt greatly and supported his policies. But I really had no interest in foreign affairs.
Q: In December of 1941, the war started. What were your aspirations and plans at that point?

YAGER: I was a teaching fellow at that time in economics. I taught for two semesters. I had been against entering the war until the attack on Pearl Harbor. That made me, along with millions of others, realize that I would eventually have to be in the military. My wife was pregnant at the time the war started, so I wasn't too anxious to get into the Army right away. I came down to Washington and worked initially in the National Resources Planning Board, which Congress soon abolished, but after I got out of it. I worked for one of my Michigan professors. When he moved to the Office of Price Administration [OPA], I asked him to take me with him, which he did. So, I went to OPA. I did quite well there. I got promotions and became responsible for recommending who would get the top category of gasoline ration. I learned a lot about the bureaucracy.

Q: At that time, whether you got an "A," "B," or "C" sticker was far more important than an ambassadorial appointment is today.

YAGER: Maybe that important, but it was a fascinating experience. I would make recommendations to the branch chief, and he would make almost all the decisions. A few would go up to the very top, to the administrator of the office. The branch chief usually agreed with my recommendations.

Q: Were you giving him categories as opposed to individuals?

YAGER: Categories. Let me tell you about some of my more difficult cases. One was the Jehovah's Witnesses. They are extremely skeptical of clerics, thinking that no one should stand between man and God. Every Jehovah's Witness is a minister of God, so they wanted C rations for every member of their church. Well, we looked into it a little bit and lucked out. We found that they had (and probably still have) a category called "pioneers," which were full-time workers for the church. So, we said, "We'll give C rations to the pioneers, since they are most like the ministers, priests, and rabbis that we are giving C rations to." They didn't like that. They were very insistent. Their lobbyist was a big, muscular, blond man with huge hands who would shake your hand and look you in the eye as if to say, "I am saved; how about you?"

Q: The Jehovah's Witnesses have their problems in that they wouldn't salute the flag and that sort of thing.

YAGER: We didn't have to get into that.

The Jews also had a problem. They had rabbis who administered the processing of kosher foods, which was very important, and they wanted C rations. We did eventually give

those rabbis the same treatment as rabbis with congregations. When we started out, we didn't really want to do that. There was a similarity among rabbis, ministers, and priests with congregations. They seemed to fit well together. We were pushed off that position. It was clear that these rabbis who were certifying the kosher nature of food were very, very important to Orthodox Jews.

Q: They had to travel.

YAGER: They had to travel some. B rations gave you gasoline to go to and from work. But there was a ceiling on them which was gradually dropped and dropped until it wasn't really very much. I always thought I would like to write the history of C rationing, which was quite interesting.

Q: Were you getting things... How about Congress? Did Congress lay in?

YAGER: Yes, indeed. When I was promoted to be chief of the section that made recommendations on C rations. I moved to a different desk. I found a bunch of letters in a drawer after dark. They were all from congressmen raising very difficult problems, and my predecessor had just thrown them into the drawer. Well, I had learned to be a pretty good bureaucrat, so I just threw them into my "out" box marked “file.” It was like "1984," where they had a hole into which things could be thrown and never seen again.

Q: I'm curious about this gas rationing. I think it's an important part of the American war effort. Gas rationing was at the heart of it. Did the military come to you... Were you getting orders that "You have to clamp down" as time went on?

YAGER: The military to my knowledge didn’t enter the picture. They might have at the very top. I don’t remember any contact with the military. I think that if they needed anything, they got it. Gas rationing started on the East Coast. The Germans were sinking our tankers at will. It was terrible. We had almost no pipeline capacity by land. That was built during the war. At first, the oil came from the Gulf states, particularly Texas, by tankers that sailed along the East Coast and delivered oil to various ports. The Germans sent their submarines across the Atlantic and our tankers sank in large numbers. The navy was not prepared for this attack, so we had to have a very tough rationing system in the East Coast station. One summer, we had an additional clampdown that was called the "Pleasure Driving Ban." This really upset Governor Edison of New Jersey. He wrote Chester Bowles, the head of the OPA, complaining that the ban was destroying the Jersey beach resorts and demanding some relief. Well, that letter came to me. I wrote a very eloquent letter turning him down cold. Before I could put this letter into channels for review on the way up to the administrator, I heard that he had given way to Governor Edison and was going to provide some relief. That annoyed me, so I put the letter I had written in an envelope, wrote "Mr. Bowles" on the envelope, and sent it went directly to him. Well, within in a few hours, my letter came back to me. He had written across it, "Wrong letter."

Q: He had been Secretary of the Navy at one point under Roosevelt. So, he had clout

within the administration.

You were doing this gas rationing supervision from when to when?

YAGER: From 1942 to very early 1944. I volunteered to be drafted. I decided that I couldn't stay out of the war, that I wouldn't feel right about it. So, I volunteered.

I might tell you an earlier episode before I became in charge of recommending C ration categories. I did a study of the supply and consumption of rubber. We had then only just the beginnings of an artificial rubber industry. We had gotten our rubber mostly from Southeast Asia and a smaller amount from Brazil. The Japanese had occupied Southeast Asia. I recommended national gasoline rationing to save our stock of rubber tires. The national gasoline rationing issue was then percolating.

A senator, whose name I cannot now recall, wrote Mr. Henderson, the head of OPA, a letter requesting information on this issue. Henderson's office had my study and sent it to the senator. The senator put it in "The Congressional Record" and the press picked it up. It was fantastically poor timing. On the same day, you had the main headline "President Decides Against National Gasoline Rationing" and another headline on the front page proclaiming "OPA Recommends National Gasoline Rationing." It made it look as if Henderson was bucking the President, which was not a good thing to do.

Q: No, no!
YAGER: So, I came into work and the guy that I later succeeded, said, "You're in trouble. That paper of yours really hit the fan." Actually, I had no trouble over my paper. Nobody reprimanded me.

Q: In 1944, you were drafted. What happened?

YAGER: Before that, I had tried to get into the Navy and I didn't pass the physical. Then when I went into the Army, I thought about going into OSS (Office of Strategic Services), where I had a number of good contacts from the University of Michigan. I had had ethical qualms about that. Well, I was trapped immediately in the Army at Fort Mead. I was assigned to interviewing newer draftees as they came in. I did that for quite a while. I decided, "Well, this doesn't seem to be a very great contribution to the war effort, so maybe I should try to get into OSS." So, one weekend, I made some calls and set things in motion. I was picked up by the OSS after I had done most of the basic training in the Engineer Corps at Fort Belvoir, where I'd been transferred.

Q: What part of OSS were you involved in?

YAGER: Research and Analysis. We regarded ourselves as the brains of OSS. In the summer of 1944, I was in an office that was dealing with the Japanese economy. The work was not very difficult and rather boring. I remember working on a dull study of the Japanese shipbuilding industry. So, I said, "Well, I'd rather go overseas," and I maneuvered to achieve that objective.

I got sent to China, because China was the top priority for personnel at the time.

Q: You went to China when?

YAGER: That would have been the fall of 1944.
Q: Where did you go in China?

YAGER: I was for several months in Kunming, which was the operational headquarters of OSS in China. After a while, I was put in charge of a three-man field team, including myself. It was the first Research and Analysis field team in that theater and maybe in the world. I don't know. We were sent to east China. The people in charge there sent us to Nanking, which is at the point where two rivers come together and form the Min River, which runs into the sea east of Fuchou.

Q: What was the OSS doing in China overall by the time you arrived in 1944?

YAGER: Well, I know more about what was going on then now than I did at the time. OSS was trying to achieve an operational capability that would make it possible to do more things. This is a fairly complicated story. OSS had a hard time getting into China, partly because the Chinese were suspicious of it and partly because the Navy was there first and didn't want any competition. It was strange that the Navy would be first, but they were. Donovan worked out a deal with the Navy and Chinese intelligence that the Navy was very close to. They joined in something that was called the Sino-American Cooperative Agreement. Under that agreement, they formed the Sino-American Cooperative Organization, which was always known as "SACO." SACO was so dominated by a rather unpleasant Chinese general named Tai Lee that OSS really couldn't do anything. So, OSS tried to get out from under Chinese control. It did so by making a deal with General Chennault, the commander of the 14th U.S. Army Air Force, to set up a joint field organization. This organization had the peculiar name of "AGFRTS," which stood for Air and Ground Forces Resources and Technical Staff. I was assigned to that organization. However, when General Wedemeyer replaced General Stilwell, for some reason - maybe it was because of Donovan's manipulations back in Washington - he put OSS in charge of all covert operations in China. This was over Chennault's bitter opposition. OSS then got the capability that it had trying to get through most of the war. I benefited from that.

Q: When you arrived there in the fall of 1944, what were you picking up from your colleagues about the Kuomintang, Chiang Kai-shek, and also the communists? What was the corridor talk?

YAGER: Chiang Kai-shek was the actual rather than the nominal leader of the government. He was the head of the Kuomintang, the ruling party. He was the commander of army. He was not president at that time. But, he was the boss. He was the one that the Americans were dealing with. We heard some of the rumblings about how hard he was to deal with and we could see that the Japanese were taking over larger areas

of China. There was a rather sick joke about a fictitious 14th Air Force daily communiques, that "On such a day, our planes conducted so many sorties and all planes returned safely to base. Three of our air fields are missing." The Japanese were advancing and taking them. So, we felt the war in China was being lost. The Burma Road had opened, but its capacity was so limited that it didn't matter greatly. The airlift over the hump was still quite important. So, we were very pessimistic about where things were heading. When I was sent to east China, I had to fly over the Japanese corridor that ran from Wuhan on the Yangtze to Canton. At that time, all the major coastal cities were held by the Japanese. The cities that mattered most to me were Fuchou and Amoy. We were in the hinterland behind those two cities.

Q: This was in nationalist-controlled territory?

YAGER: Yes. The war was not active in that area. The nationalists didn't have the capability to push the Japanese out of the cities, and they weren't really trying. The Japanese didn't have the capability of moving very far outside of the cities. So, it was kind of a standoff. There was a little skirmishing around and a little operational nonsense. Somebody in OSS planned to kidnap the police chief of Fuchou. This never came off.

Toward the end of the war, the Japanese started retreating from the areas that they controlled. They retreated from the Indochina border and moved north. They gave up Fuchou and moved to the coastal islands. When Fuchou was evacuated, it wasn't because the nationalists had a great military victory there. The Japanese just left. Then, I was able to go to Fuchou.

Q: Were your OSS colleagues and all of you dealing with the nationalist forces feeling that they were basically relatively inactive or that corruption was a major thing? How did you feel about this at that time?

YAGER: I felt that the Chinese military that I dealt with were really not bad. There was one general named Lee who was actually quite active. I dealt with another general, who was quite helpful to me in an assignment that I had with one of my two colleagues to go down immediately opposite Amoy and inspect the oil tanks there and see if they were in condition to be repaired and then to inspect the road and a short railroad bed that led inland at that point.

I felt that there was probably corruption at the governor's level because there was a lot of talk about that. I was amused by Chinese concepts of corruption. The governor was criticized for squeezing too much. Squeezing was the taking of bribes. It wasn't that he shouldn't do some squeezing, but he did too much. That was the Chinese point of view. I didn't feel any revulsion toward the Chinese I dealt with. I recognized that they were having a tough time. They were dealing with a modern army and it was very hard for them to do anything. Their weapons were not up to the same level. Their troops were not as good as the Japanese. The Chinese troops were drafted just by being grabbed from villages. They were not much motivated and physically they were not in very good shape. I had a rather sympathetic view toward them rather than being critical.

Q: What about the OSS mentality of "Don't just stand there. Go and out do something," which sort of permeated into the CIA and all? Were you looking for things to do?

YAGER: I was very busy without looking. I wanted to shift the emphasis of our intelligence collection to things that would be useful after the war was over. My impression was that the war was now being won because of our reconquest of the Philippines, and the Japanese were now pulling back. We had armed some Chinese forces. When I was still back in Kunming, we worked on the intelligence for what was obviously going to be an invasion of the area east of Canton to meet up with Chinese forces that were equipped by us that were coming down from the north. So, I had the feeling the war was now being won. I didn't know when it would be over, but I wrote in one of my monthly reports the recommendation that we shift away from intelligence on Japanese ship movements, which were diminishing anyway, to collecting political and economic information that we would need when the war was over. Well, this really went over like a lead balloon. My immediate superior, Captain Malcolm Rosholt, a lawyer from Milwaukee, was 240 miles away from me, later told me he didn't like that recommendation. He wasn't in the line of transmission of my reports because of geography. He got a copy on the side. I got my reports out of the Archives a few years ago. At the bottom of that report, my recommendation had been cut off with scissors. I think probably Rosholt might have caused the regional commander, a history professor named Smith, to do that. Even more likely, he would have gotten the head of R&A for China, Major Joseph Spencer, who was also a professor, to cut it off so it wouldn't go any farther. Rosholt had been one of Chennault's intelligence officers. The name of their game was to find targets for the 14th Air Force. The target they really liked was Japanese shipping, of which there was damn little at that stage of the war. You asked if I was looking for work. No. I was busy. I had things that we were supposed to do and then I got instructions to do more like going down to Amoy.

Q: What was your impression of the Japanese rule that you were seeing after you had left Amoy and Fuchou?

YAGER: I never got to Amoy, which is on an island. I was just on the mainland opposite Amoy. I was scared to death the Japanese would come over and get us. We had about 20 Chinese soldiers who were supposed to be our guard when we went down there. The Japanese certainly must have known that we were there. They could have come across and snapped us up. My attitude when I was near Amoy was for my own subjects of concern. In Fuchou, there was no evidence that the Japanese had been particularly cruel. They just administered the place with a strong hand. After the Japanese left, OSS seized the residence of the chief of a hospital that belonged to an American mission. I think it was Methodist. Most of the good houses in Fuchou were virtually destroyed between the time of the Japanese evacuation and the occupation by the Chinese. This is a lesson in human nature. Where there is no authority, there will be people who will do just anything. They would strip out the inside of houses. You could look up and see the sky. But the servants had stayed with this particular house, and it wasn't looted, so it was in good condition. I was there off and on for some weeks.

Q: During this time as the Japanese were pulling back and everyone was thrusting forward, were you in an area were there was concern or interest in as to what the Chinese communists were doing or was that just not in your area?

YAGER: There were Chinese communists in limited strength in this area. When we left Kunming, someone who wasn't in Research and Analysis briefed us. He was probably in Special Intelligence (SI). He instructed us very firmly, "There are two things you must not do: no contact with Chinese communists and no contact with SACO." This was the organization that OSS made the mistake of getting into.

Q: So much for allied unity.

YAGER: Yes. We couldn't trust the Chinese communists or SACO.

Q: Were you seeing any Chinese communist movement where you were?

YAGER: No. There was a case of an American, who was driving on a backcountry road and was killed by the Chinese communists. They just shot through the windshield. That is the only story that I heard about communist activity.

Q: We've talked about your work in OSS. We haven't covered what happened at the end of the war or as the end of the war really approached. You've talked about moving into Fuchou.

YAGER: Yes. My team was based in Nanping, which was upriver from Fuchou. When I was in Fuchou, I was still based in Nanping. I went back there on my way out. I asked headquarters for permission to join another American group, a group that was aiding and rescuing downed pilots. They had a scheme to go over to Taiwan. Headquarters said, "No" and that I was going to go to Shanghai. I was asked what arrangements I could make for that.

Well, I looked into it. I found that it would be a very expensive trip. So, headquarters said, "Please await further orders." Further orders came eventually to come back in Kunming, which I did. It wasn't too long until I was sent to India on the way home. I spent several weeks in India. Then I boarded a troop ship and headed for home.

Q: You came home when?

YAGER: I actually got to Washington in early December of 1945.

Q: We have you coming back to Washington in December 1945. We'll pick it up at that point.

***

Today is November 30th, 1999. Joe, you said that you felt that you had gone over a little

too lightly your OSS experiences in China. I think this is an important period and one that is really not very well known. Why don't we expand. You had mentioned that you'd like to have a little more about the atmospherics and a little more about your personal experiences. Let's start with the atmospherics of the time.

YAGER: Well, looking back on it, it was very much a sink or swim experience. Like many of the people in OSS in China, I had no past experience in China. OSS was so intent in getting its people into the field and getting things moving that they had no area training program. So, I had no training whatsoever about China before I got there. Indeed, I did not have much interest in China before I got there. Of course, it then became an important part of my life from then on. I think that all of us who worked there must have varying degrees of satisfaction that it was sink or swim, and we swam.

We just had to learn by doing. I was initially in the Research and Analysis Unit in the operational headquarters of OSS in Kunming. This headquarters I now see in retrospect had been created as a way of getting out from under an unsuccessful relationship with Chinese intelligence. OSS was very intent on having its own intelligence organization, defining its own problems and solving them in its own way. I recall that when I was sent to the field, the only instruction I got was a rather vague memorandum from my boss, Major Joseph Spencer, on what work was to be done and the injunction from a somewhat higher official to have no contact with the Chinese communists or SACO, that I mentioned earlier. OSS didn't want the Chinese government to know anything about what we were going to do. So, I guess that was part of the atmospherics about China for a newcomer.
I found that I liked Chinese people and respected them. They were very poor. West China was an especially poor area, but the Chinese have a certain dignity that commands respect. I had spent a month in India before I was able to get a plane ride to China and I found the Indians rather a discouraging sight. They were so beaten down by life that they seemed to have no spirit at all. The Chinese were very much full of spirit and very proud of being Chinese. I learned over time that the Chinese have an unbreakable sense of superiority. That strangely enough is one reason why Americans get on well with them. It was very hard to offend a Chinese. Dealing with the Japanese, I learned later, you had to be very careful with jokes. They may take a joke seriously. With the Chinese, don't worry. A Chinese is secure because he is a Chinese. You can't offend him, you poor non-Chinese bastard.

Q: I served both in Japan and Korea. I found the same thing in Japan. The Japanese were fine, but I really took to the Koreans. This was the middle of the war when they were poor, but the spirit was there. You can't stop a Korean.

YAGER: That's right. Koreans are perfectly capable of thinking of being the dominant power in the world. The Chinese know they are already. That is the difference.

On personal experience, I suppose one of my most interesting experiences in Kunming was when the R&A Unit was given the task of preparing a detailed report on the China coast from northern Hainan through the Luichou Peninsula, and then east toward Hong

Kong. About midway to Hong Kong, the U.S. Navy took over the job and did the rest of the coast to Hong Kong.

This was a big job. We had a moderate amount of research materials, and OSS infiltrated agents into the area especially for this project. This report was obviously a prelude to a military operation. I was given the job of seeing what I could learn in Kunming, from the British and from any Chinese contacts that I could make. The British were pretty standoffish, except for a unit called the British Air Assistance Group that had the task of picking up downed pilots in the Hong Kong area. But my biggest success was a British civilian who was in Kunming for the British economic warfare organization. He put me in touch with a Chinese lieutenant general with the strange name of Gaston Wang. He said, "I am going to tell Wang that OSS is the most powerful organization in the U.S. government, even though most people don't know that, and that it would be in his interests to cooperate with a man from OSS that I am going to send to him." That worked like a charm. Wang had been pretty close to a French puppet on Hainan Island, even through it was Chinese territory. He knew Hainan. That was where he lived, where he worked. He knew it very well. He was very vain, and I learned to play on his vanity, telling him things like, "In the United States, we have great statesmen and great soldiers, but very rarely have these traits been combined in one man, as they have in you, General Wang." He just ate up things like that. He gave me good information on northern Hainan, which we needed. So, that was an interesting experience. I guess it taught me how to be deceptive, which a good intelligence agent should be. Maybe I took to it too readily.

Q: Why were we particularly interested in Hainan?

YAGER: Well, that whole stretch beginning in northern Hainan would have been involved in a military operation. We had trained and equipped several Chinese divisions. Those divisions were to be the main part of a force that would come down from the north to the China coast, which at that point runs pretty much in an east-west direction. This was an area in which there would be Japanese resistance. This military operation was never completed. The force did come down from the north, but before it reached the coast, the Japanese surrendered and the operation was suspended and then stopped. But we did provide the intelligence base that the forces presumably used in going into the area. They knew everything about terrain, population, roads (of which there were very few), beaches, politics...

Q: While you were doing that, was there in the back of your mind that we might be landing on the China coast?

YAGER: Yes. We weren't told that, but it didn’t take great intelligence to figure that out.

Q: What was the estimate that you were getting (You all were young and not trained in military affairs, but you were in this.) of the Japanese army as far as its capabilities in China?

In my own case, I had read a great deal about the Japanese army just because it interested me. I felt that it was a highly effective army. I didn't know too much about the Japanese

capability of moving military force out of Hong Kong into the area of the invasion. I knew that they had a firm grip on Hong Kong, but I really didn't know how much danger there was that they could come out of Hong Kong and roll up our flank. I'm sure that the planners of the military operation had that in mind. They probably felt that they could contain the Japanese in Hong Kong. I later learned that the plan had been, after taking this coastal area to make a decision on whether to try to fight into Hong Kong or to bypass it. The presumption probably was that bypassing it would have been a good thing to do and the just move farther up the coast. Going into a big city, that kind of fighting was not to be done, unless it was unavoidable.

Q: You end up by killing an awful lot of civilians, too, without any discernable profit from it.

YAGER: Yes. Well, we all wanted Hong Kong back. It is an excellent port. Taking it would have made it much easier to go north through the Hankow corridor, which the Japanese held, or to go along the coast and drive them out of the other ports that they held.

Q: Were there any other operations that you were involved in that you might want to expand on?

YAGER: I think the other thing that I would like to say a little bit more about is an assignment that my team received sometime after we had arrived in east China. There were just three of us. We were based in Nanping, which is where the Min River is formed by the conjunction of two smaller rivers. A few people in the Secret Intelligence branch of OSS were already established there in some buildings that belonged to an organization called the Water Police. That is not part of the story that I wanted to tell. I was instructed - and I made a decision on my own to take one of my two men with me, which was later criticized, but I think it was justified - to go down very close to Amoy, which the Japanese held and inspect the oil storage tanks at a place called Song Hsu across a narrow piece of water from Amoy, which was an island, and then to follow the path of a railroad that had led inland for maybe 30 miles but that had been destroyed by the Chinese to see what the condition of the road bed and a parallel road was. So, my colleague, Al Jonas, and I did this job. It was quite interesting. It involved dealing with the Chinese general who commanded the area and gaining his confidence. We had some trouble with his security man, who tried to probe a bit too deeply on our organization. But we did the job. We never knew how important it was, but we assumed that there at least was a thought of having some kind of a landing in the Amoy area. I think this is another case of sink or swim, and I think that Jonas and I swam.

Q: When you say that you had problems with the security chief of these Chinese forces, what was he concerned about and how did you deal with it?

YAGER: Well, he sent me a questionnaire which asked too many questions. So, to the great alarm of my locally-hired Chinese interpreter, I decided to reject it, send it back to him with a letter saying that this questionnaire appeared to be one for people suspected of a crime and certainly was inappropriate for personnel of an allied power. A few days

later, we had dinner at the general's house. Before dining, he called me aside and said, "About that questionnaire, are you saying that this was a blunder or a misunderstanding?" I said, "Oh, General, a misunderstanding." He said, "Very well" and dropped the subject. So, I got by with it.

Q: Also, the other man was probably out of line, too.

YAGER: Well, I think he might have acted on his own, but I'm not sure. He might have said, "General, we need to learn more about these people. I'll send a questionnaire" and the general said, "Okay," and then it was bounced back. I knew I was taking a risk. If I hadn't gotten by with it, we might have been arrested or expelled fro the area.

Q: Did you find that being a member of the OSS was not fully understood by the Chinese, the authorities?

YAGER: In east China, we did not operate under the name of OSS. Strangely enough, in Kunming, we did. But in east China, we initially operated under the peculiar cover name that was used in a joint arrangement with the 14th Army Air Force. I can't remember the number that was attached to it, but it was the Air and Ground Forces Resources and Technical Staff. The initials were supposed to be pronounced "AGFIGHTERS," but inevitably, it was always called "AGFARTS." OSS and General Chennault, the commander of the 14th Air Force, got into a quarrel. He ordered OSS to stop using "Air" in any of its cover names. So, the next cover name was East China Liaison Headquarters, U.S. Army.

Q: Talking about your operations there and looking back on it, you mentioned the Chinese and their innate sense of superiority. What about the Americans? In a way, didn't the OSS represent the most innate of American qualities: don't just stand there, do something?
YAGER: Oh, very much so.

Q: Did you see any example where this didn't work? Essentially, you have a bunch of amateurs who were dealing with a society that's been around for a long time.

YAGER: Well, I don't know. I think all the Chinese recognized that the only way that they could get rid of the Japanese would be if the Americans threw them out. So, they basically treated us quite well just because we were Americans.

Q: It's forgotten today, but the B-29 project in the United States was as expensive and as concentrated as was our atomic bomb research. The first time the B-29s were used was in China. From my sparse reading, it seems that we lost a lot and it didn't seem to work very well. Did you get that feeling?

YAGER: I didn't know much about that. I knew that it was going on. A naval officer named Weir Brown, who was a friend of mine, came to Kunming and looked me up. We went out to dinner at the Ho Te-Fu, which was off-limits for U.S. military, but it was a

very good restaurant. He had come in China in connection with the B-29 project. He went on to Chengtu, which was near the field that was built for the B-29s. Did they use the field more than once? Perhaps twice. I think that probably there was sort of a blind spot. We didn't realize how well we were going to be doing in the Pacific. Saipan turned out to be a much better base than out in west China. It had to be west China, because the Japanese were in the way everywhere else.

Q: Shall we move to December 1945?

YAGER: Sure.

Q: In December 1945, you came back to Washington. The war was over. What were you up to?

YAGER: I needed a job. I was entitled to go back to the office of Price Administration in the Gasoline Rationing Branch, where I had had a pretty good job before I went into the Army and then into OSS. But it didn't take too much wisdom to realize that the war agencies had very short life prospects. So, I looked for something else. I really wanted a job that was responsible for planning and reconversion of the economy to peacetime. I can't remember the exact name of that agency. I almost got a job there under Charles Hitch, an economist I admired. I had read his work. But he hired a man that he already knew, Bill Remington. I also knew Remington. A very nice fellow. He later got into security trouble and was killed in prison.

The Research and Analysis Branch of OSS had been transferred to the State Department. The State Department couldn't absorb all of this rather large branch, so some people were asked to stay and others were not. I was asked to stay. Since a number of my friends had also been asked to stay, I decided, "Well, I can't do any better than this, even though I'm not too sure just where this is going to lead." So, I took a job with the successor to the R&A branch at the State Department. It was initially called the Interim Research and Intelligence Service of the State Department.

Q: Did you have any feel for how this OSS organization which had moved over to the State Department, which has always had its own small research unit-

YAGER: I don't think they did.

Q: I think somebody was putting something together.

YAGER: Well, the political desks would do some research.

Q: How did it fit? The State Department had not yet adjusted to the new world.

YAGER: Some of the senior officers in the Foreign Service didn't want the Research and Analysis branch of OSS at all. We were, in some sense, a foreign body. The people who should have been our main customers had not had any experience in dealing with an

intelligence research organization. We had somehow to ease our way into new relationships. It was easier in some geographical areas than in others. I think we were best received in the work on Japan. Some of our senior people were friends of some of the senior people in the political desk on Japan. Also, the State Department felt that it was not being given much information by General MacArthur, and it welcomed the idea that here were some people. who could figure out what was going on. So, the relationship with the Japan specialists in the State Department and the Japan specialists in the former OSS branch were from the beginning pretty good.

China was almost as good, partly because of personalities. After all, Mao Zedong said that people are everything, and for once he was right. We got on pretty well with the China specialists. I was in the China branch. I was accepted, even though I was not a China hand. One of my superiors, Charles Stelle, was a real China hand and a very smooth operator. He was also an unusually intelligent man. He ingratiated himself well with the China specialists in the State Department.

I would say the Southeast Asia Branch always had a rocky time with people on the political desks. They were European in their orientation.

Q: It was essentially a colonial territory.

YAGER: That's right. The desk officers thought that our problem in Indochina was to help the French. Their cooperation in Europe was absolutely essential to our European policy. So, they said, "Don't tell me that the French are losing out in Indochina. Figure out a way to help those people." We had analysts who were rather independent and were viewed as radical, although I don't think any of them got into serious security problems, with one exception I'm not sure of. They never had the kind of cordial relationship that people working on Japan had or, to a slightly lesser extent, the people working on China.

Q: This was true also of our people reporting on Algeria. They really got hoisted on the NATO or Western European - on our ability to look at colonial territory.

YAGER: The idea that the French were in trouble in North Africa was viewed as subversive. I remember hearing a former OSS specialist who had been coopted by the Europeanists say "The French may leave Indochina, but they will never, never leave North Africa."

Q: As far as atmospherics, from what I gather from what you've just alluded to and another meetings, MacArthur was trying to cut the State Department off completely. This was his thing and he didn't want any State Department-types mucking around in his place. In the Bureau of Research, was MacArthur and his government treated almost as a hostile enemy organization that you were trying to penetrate and find out what the hell he was doing?

YAGER: It wasn't quite to the point of hostility, but he was known as a difficult and imperious man. One of our senior people, Warren Humsberger, got assigned to Tokyo.

He had been there just a couple of days, when he was invited to a small dinner. Someone there was extremely critical of General MacArthur. Another guest was on MacArthur's staff, and he reported to MacArthur what had happened. They went over the guest list and came to Warren Humsberger. MacArthur asked, "Who is this fellow?" He was told, "Oh, he's from the State Department." MacArthur said, "Get him out of here." So, just because he had been at that dinner, he was thrown out. He had said nothing. Maybe if he had gotten to his feet and said, "I cannot stand this criticism of a great American hero," that might have saved him. He was in Tokyo for only 16 days.

Maybe a year later, I was sent to Canton. After 16 days, Charlie Stelle sent me a message saying, "Congratulations, you have stayed there more than 16 days."

Q: Let's talk about China. Was it a bureau, a division, or what?

YAGER: Well, the overall organization was called initially Interim Research and Intelligence Service. It wasn't a bureau for some time. There was an unfortunate disparity organizationally for quite a few years. The people working on Japan on the research side were under a section chief. He was dealing with an office director. If you know anything about the Foreign Service, you'll know that that matters. Not all Foreign Service officers are like that, but enough of them are. Even some of those who came in late become that way. You get a sense of hierarchy that is very important. So, a section chief dealing with an office director is a problem.

Q: Yes. Let's start with 1946 when you first started here.

YAGER: January 7th.

Q: In developments in China, what were our concerns? Was there a division in the entity that you were dealing with as regards whither the Chinese?

YAGER: I guess that there were some differences. I wasn't acutely aware of them. I was trying to be a good intelligence officer. That required total objectivity, which is unattainable. I was very young when I concluded that the ideal point of view of an intelligence officer is to have a slight dislike for the country he is working on. You can't be completely objective, so it's better to have a slight dislike to avoid the disease of clientitis.
Q: Yes. I think that's quite sound, really.

YAGER: I think that we in the China Branch probably had that point of view. We were not very forgiving of the incompetence of the Chinese nationalists, but that didn't mean that we thought well of the communists. Charlie Stelle had been on the Dixie mission to Yenan. He indoctrinated us with the idea that the nationalists may be incompetent and some may be corrupt, but the communists are authoritarian and that they are not just agrarian reformers. He didn't believe that, nor did the rest of us. We wanted the nationalists to win and we even examined possibilities of their holding onto part of China, which was not really feasible when they were psychologically in a state of being

defeated and there was not a geographical barrier. They lost the barrier of the Yangtze through incompetence. Once the Yangtze was crossed, it was really all over.

Q: During these initial times, there was the big siege in Harbin and all. I am told by somebody else who dealt with this that Chiang Kai-shek would fly in, give orders, which would have meant immediate disaster. Then he would fly out again and local Chinese commanders would put it together again.

YAGER: I don't remember him flying in, flying out, but I do remember the micromanagement. It was a little like President Johnson in Vietnam.

Q: What was the feeling towards Chiang Kai-shek during this 1946-1948 period?

YAGER: That he was in beyond his depth. We realized that he had had to change politically when he lost the more modern parts of the country. When he was based in the Shanghai area, he was under the influence of the modernizers. When he lost that area and got pushed back into the interior, where things were really in a different historical era, he became more like that era. He was always obsessed by loyalty. This general was loyal. That's good. That was more important than winning battles. We knew all that. But we still wanted him to win, because that was the side that we were on. I think that we quite early got the point of view that, if you don't like the government's policy, you should resign. You shouldn't fight it from the inside, and we didn't.

Q: Were you getting good intelligence about the Chinese communists?

YAGER: I think that we knew pretty much what they were doing. I'll tell you one thing that I think is of interest. We made a tremendous effort to learn about Chinese communism by reading. Even those among us who had some China background in their education didn't know much about the Chinese communists. We read as much as we could find. On current intelligence, I suppose we didn't really have very much, but in terms of how was the war going, we knew that pretty well.

Q: While you were doing this, were you tapping the American civilian community? There are the academic people, many of whom had Chinese connections through missionary work or teaching in China before the war, and then on the political side. Up to 1948, were you aware of the winds that were going back and forth about whither China?

YAGER: Maybe this is a time to talk about my assignment to Canton, which was not all that long. I think it was December 1947 to May or June of 1948.

Q: Canton was later called Kuangchou, wasn't it?

YAGER: It was called Kuangchou then in Chinese. That wasn't a name change. That is just going to the Chinese name.

I went to Canton under an exchange program under which people in the Civil Service

could get some foreign experience. It was quite educational. The post at Canton was rather disorganized at that time. The consul general, Harvey Boucher, was an old hand, but not an Asian hand. He was a class two officer, which in those days seemed higher than it does now. He had had a mental breakdown from which he supposedly had recovered and then he was sent to this high stress post. His number two was a real old China hand named Gordon Burke, the son of a Methodist missionary to China, who was unfortunately an alcoholic. Also, despite having been raised in China and being able to speak both mandarin and Shanghai Chinese fluently, Burke was very anti-Chinese. The economic officer, Bill Wright, was ill. He spent most of the time in his quarters in bed. It was a place full of vacuums. I had all the opportunity in the world to do pretty much what I wanted to do. I got on well with Boucher. Because of a shortage of space, he put me in a little cubicle within his own office. I would sit there doing my work, and callers would come in and talk about all kinds of confidential things. Here I was, listening to the naval attaché complaining about the Army attaché, that kind of thing. It was a strange place.

The best part of my assignment there was a one month trip into the interior using my own travel money. You mentioned the question about American sources. I had written letters before I made the trip to American missionaries that we knew about. As I look back on it, the letters were quite indiscreet. They, in fact, asked the missionaries to collect information for us, which was a poor idea. So, I traveled to western Hunan and back to the railroad at Hengyang and down the railroad into Kwangsi. I stopped at American missions along the way, going all the way to Lung-chou, which is about 10 miles from the Indochina border, and then back to the West River at Wuchow and back by a boat to Canton. I borrowed a jeep from CNRRA, the Chinese adjunct to UNRRA. That helped me a great deal. I talked to a lot of Chinese, and I also talked to the missionaries. Some of them were quite informative. I learned a lot about American missions, including the rivalry between the Catholics and the Protestants. The Catholics were critical of the Protestants, because they would go out to China with their families, build an American-style bungalow, and live an American-style life. The Catholic missionaries would go into the dirty villages and live in crummy little houses right with the people.

Q: I've seen an oral history interview with John Stewart Service. His mother wouldn't let him play with Chinese because they were "dirty."

YAGER: The protestant criticism of the Catholics was on the question of conversion. They said that the Catholics didn't care if an alleged convert really was converted, really understood Christianity, or really has accepted Christ. They are very cynical. They feel that if they get a convert, it doesn't matter whether the convert is sincere; they'll get his children. Of course, the Catholics denied all that. They said that they were very careful about conversions. I stayed with both Protestants and Catholics on this trip.

Q: While you were on this trip, this was removed from the civil war, wasn't it?

YAGER: The war was starting to be felt. There were communist guerrillas in that part of China. The main communists forces hadn't crossed the Yangtze yet. I remember interviewing a Chinese general, who had just returned from three weeks in the field. He

was still dirty and unshaven. I asked this general, "How many communist guerillas are there in Kwangsi?" He said "I don't know how many there are, but I know there are a lot fewer than there were." If the nationalists had had more generals like that, the civil war would have come out differently.

Q: Yes. Did you get any feel for what was happening down in Indochina and the Chinese view of that?

YAGER: I did indeed. They knew what was happening there. The communists were becoming stronger. I stayed with the French consul in Lung-chou. He was very anti-Chinese. He thought they were all communists. He said, "I see these coolies going back carrying pieces of the French railroads into Chinese blacksmith shops." The communists in Vietnam were in fact chopping up the French railroads down there into one and a half foot lengths, enough for a man to carry. He was right. He was seeing these coolies trudging along from Indochina carrying the French railroads. He hated it.

Q: From the people you were able to talk to, what did you get about the view of the KMT leadership and of the communist Chinese leadership?

YAGER: I don't think that I met anyone who would have any view except one of fear of the communists. There were some critics of the national leadership. There was a general feeling that the nationalists were losing the war and there was considerable concern about what was going to happen then. Many, perhaps most, of the American missionaries stood their ground. Some of them died because of it. The head of a substantial Southern Baptist hospital in Wuchow, Dr. Wallace, was killed by the communists.

Q: You were saying there was sort of a vacuum at our consulate general in Canton. When you came back from this trip and prior to going around, did you find yourself serving as a political officer?

YAGER: Yes, and an economic officer, too. I made my own contacts and wrote reports. I also did something improper through ignorance that turned out pretty well. I went to Hong Kong. The consulate there had a somewhat similar, but not quite as acute, personnel situation. They didn't have much reporting capability. Having been researching on China back in Washington, I knew pretty well whom I wanted to see in Hong Kong. There was a young fellow in the consulate who wasn't writing much himself but who had good contacts. He helped me to see a number of historic characters. I wrote a number of despatches. I was really very badly out of line. I had entered another consular district and did political reporting from there. Fortunately, the U.S. embassy thought well of my despatches, and I was not reprimanded.

Q: You left there when?

YAGER: That was in about six months. That's what was intended.

Q: As a familiarization, you came back in mid-1948?

YAGER: Yes.

Q: What did you come back with as far as dealing with China? Did this change my impressions that you had before?

YAGER: I think I probably had a somewhat more nuanced view of things. There is nothing like going to the scene to understand something. Reading about it is no substitute. I went back to a somewhat better job. I had been chief of the China Economic Section. I became the chief of the China Branch. We were very, very busy during that period. In 1949, we got a rather important project that required us to do two quite substantial papers in a six week period. One was a five year projection of prospects in China and the other a 25 year projection. These papers were done principally for the use of a panel pf China specialists that Secretary Acheson convened because China was being taken over by the communists. The panel was asked what should we think about the prospect, what should we do about it? The panel was headed by Phillip Jessup and by the president of Colgate, whose name escapes me. I was allowed to sit along the wall. I did that for three of the five days that the panel met. I was just too busy to be there all five days.

Q: Here we are, we are looking at China being taken over by the communists. What was the thrust that this panel was coming up with?

YAGER: I think it was probably quite similar to our papers, but I can't be sure. I think that they thought the communists were going to be in power for an indefinite period. There was some talk about the Chinese communist connection with the Russians. We emphasized that problem in our papers because we had studied it. We were among the first to raise the possibility of a split. We didn't forecast it, however. In fact, we thought that the Russians were so influential that the Chinese wouldn't be able to break away. We were wrong on that, of course. I can't remember too much about the discussion. I don't remember anything that I found startling.

General Marshall, who didn't have any public office at the time, also sat along the wall. I learned later that he had been invited to sit at the table, but he didn't want to. I remember his performance as somewhat amusing, but I rather liked it. At one point, the panel discussed some of the experience of the Marshall mission to China. One of the chairmen said, "General Marshall, since this discussion bears on matters that you are very familiar with, would you like to comment?" He stood up and said, "Since I was so intimately involved with the events under discussion, I think it best that I remain silent" and sat down.

Q: We're now talking about the Chinese communists had taken over pretty much. This was by 1949.

YAGER: They proclaimed the People's Republic on October 1, 1949.

Q: Talking about China, what we do with China, had that become such a sensitive

internal American political subject that it was beginning to be difficult or was difficult to deal with it at your level or not? Can you talk about how the feeling developed? We're talking about McCarthyism, but it was more than McCarthyism.

YAGER: Well, it started before McCarthy. That was a real problem. I was never under the gun myself. I had at one period a problem. Somewhat later, I had gone to the National War College. I came out of there in June of 1955. I had given up my more sensitive clearances when I went to the National War College because I didn't need them any more. I had a long delay of several months in getting them back. It was clear to me that there was some kind of security problem, although nobody ever called me and said, "Come in for an interview." Eventually, whatever the difficulty was, it was cleared up. I think it went back to one of two cases in which somebody had criticized the work of one of our economists who had portrayed the Chinese communists as having a certain amount of economic success, as they did in the early years. This portrayal was called pro-communist. Well, I wouldn't tolerate that. One of the memo that took that point of view came from a man I knew quite well in the Far East Bureau. I handed his memo back to him and said, "I can't accept a memo like this." I suspect that he told State security that I was pro-communist, but the evidence wasn't there. Even Scott McLeod, the director of security, told one of my bosses that I was "as clean as the fallen snow."

Q: As we move into 1950, "Who lost China" and all that was beginning to heat up. Your organization must have felt some of the heat about interpretation. As the political winds became quite strong from the right, I would have thought that anything dealing with recognition of communist China or that they're doing something right or anything like that would become almost a political anathema and be sure to be leaked out. It must have inhibited you.

YAGER: I don't think I was inhibited. I don't know for sure that anybody else was. It was a problem. Some people who worked for me were being interviewed and charged with some kind of subversive connections. By chance, I had an insight into the way that the security organization sometimes operated. I learned from a member of SY, security, that at least some of their agents in cases where they didn't really have enough evidence to prove that somebody should be dismissed would try to bully the person in question into resigning. The guy who told me this thought that that was a very poor practice, as I did. When anybody told me that they were being interrogated by SY, I would say, "I assume that you have nothing to be ashamed of. You just stand your ground. Whatever you do, don't resign. They may try to make you resign, but don't do it. If you don't do it and if they really don't have anything on you, you will get out all right." But the questioning had a bad psychological effect. People were unhappy about hearing about people who were in trouble and thought, "Why is he in trouble? There is nothing wrong with him," which was usually true. So, it was more than a bit of a cloud. I don't remember that it influenced the work on China. I think that it may have gotten some of the Southeast Asia people into unjustified trouble. One senior person left for an academic job. I think it was probably because she was under intensive interrogation.

Q: One person I interviewed recently was called back and eventually was on leave

without pay or suspended for almost a year. They got everything back eventually. He said Scott McLeod brought him in and tried to get him to resign and he refused to resign.

YAGER: I had not heard of McLeod himself doing that.

Q: Did the fact that our people in China... Did you have anything to do with our "stay behind" policy, where we had Angus Ward and Harbin in Mukden and there were people in Shanghai and all trying to maintain our consulates there? How was that viewed?

YAGER: I viewed it as derailing recognition. A book on Acheson which came out recently makes clear that Acheson wanted to recognize... But this mistreatment and the troubles of the consulate in Shanghai were taken seriously and were a pretty black mark on this record of the communists. If they wanted to get along with us, that was not the way to behave. I took a second advantage of the exchange program in 1950-1951. I thought at that time (I think that was really after the Ward problem.) that recognition was coming and that after I got myself set up in Hong Kong, I could then get transferred to Peking, as we then called it (We had to call it Peiping in writing, but we always said "Peking."). I had an interesting tour working on China. I thought recognition was coming.

Q: This, of course, was before the Korean War?

YAGER: Yes. When I got there, the Korean War had just started.

Q: June 25, 1950.

YAGER: My family and I arrived in Hong Kong sometime in the summer of 1950, so it wasn't very long after the war had started. My family was evacuated at the turn of the year when the Chinese had come in. If I had been back in my job in Washington and had been asked whether the Chinese would intervene, I would have come up with the wrong answer. I would have said, "No, they just won a very difficult war. They haven't consolidated their power in all parts of China. Their military must be in pretty bad shape. They are just not going to take on the United States," but they did. How wrong can you be?

Q: You were in Hong Kong this next time from when to when?

YAGER: The summer of 1950 to the summer of 1951. It was roughly a year. Maybe I bring bad luck, but this post was in not very good shape either. When I arrived there, Carl Rankin, an excellent man, had been the consul general, but he had just been made ambassador in Taipei. His number two, a strange man named James R. Wilkinson, was in charge but was beyond his depth. He was told that Walter McConaughy, the consul general in Shanghai, was going to be consul general lin Hong Kong. There was very little difference in rank between the two. McConaughy was a lot younger than Wilkinson. Wilkinson felt, "Well, I came out here to work for Carl Rankin, a very senior man, and here I'm supposed to work for this young guy, McConaughy." He was churning around unhappily about that while a great scandal was unfolding in the consulate. It was a

mixture of homosexuality, which in those days was grounds for dismissal, and visa and passport fraud.

Q: The pressures there were just a mess.

YAGER: Oh, it was a terrible mess. A special inspector, Julian Harrington, come out to deal with this scandal. Garity from SY also came out to prepare the case against Vice Consul John Williams, who was charged with visa fraud.

Harrington, expanding his mandate a bit, thought he could settle the Wilkinson problem. He got Wilkinson made an inspector in charge of the Consular Section. That was the solution. Because Wilkinson was backing out of his assigned job, I was made the acting number two. In those days, the number two in a consulate was called executive officer, a term we got from the Navy. So, I had eight months under quite a good boss, Walter McConaughy. I was way beyond my age and grade. I was in my mid-30s and here I was the number two in a big consulate general. I learned a lot. I had large general responsibilities. I reviewed everything that went out. I got into a lot of contacts. I had Macao as my personal sideline. Except for when my family moved out from under me, I was happy.

Q: Walter McConaughy was a major figure in Far Eastern affairs. He also was in Pakistan, too, wasn't he? He was a major figure in this period and beyond that. How did he operate and what was his view towards China at the time?

YAGER: He was the classic FSO, very capable, very organized, very much "What is United States policy? I'll carry it out." I don't think that he had any doubts about our policy. By that time, the Korean War had caused us to shift back to supporting the Chinese nationalists when we were had been in the process of dumping them. We just turned on a dime and went back to supporting them. He liked that. He wanted to run a good shop and he did. I learned a lot from him on how to do things. I wouldn't say that Walter was a deep thinker. That didn't mean he doesn't have deep thoughts, but he was more of a superb manager. He did that very, very well. So, I viewed him very favorably.

Q: I am an old consular hand and I know that visa and passport problems in Hong Kong were endemic. Did you get involved in this at all?

YAGER: I had to be aware of them because the tail end of the investigation was still going on. Vice Consul John Williams was still in Hong Kong, although he had been told not to come to work. I don't think I ever met him. This was his first post, strangely enough. Lindsey Grant, an excellent junior officer, had had some hand in uncovering the fraud. He had been in the Consular Section. I learned quite a bit from him and Magarity told me a lot more. It was a nasty mess.

Q: Was it money or sex?

YAGER: For Williams, it was mostly money, but not entirely. His first official act as a

vice consul of the United States was to issue a visa for which he received $50. So, the idea that this boy from the Carolinas was corrupted by the evil Orient just was not so. He was a corrupt fellow when he arrived, ready to get any money he could. Of course, he raised his prices. His main Chinese accomplice was named Humi Chu. There was another one whose name was, of all things, Peter Pan.

Q: Was the Hong Kong consulate at that period running a big intelligence operation in its classic sense (not espionage), but gathering intelligence about China?

YAGER: It was the listening post. There was a lot of information and misinformation available in Hong Kong. It was just a big gossip center. I remember that the Political Section and the CIA jointly had a source that they thought was really something. He really got the goods. But then they finally decided that he was making it all up. One fellow who worked on the case, said, "I wish we could hire that guy. He's so good. We could use him as an analyst." But he had been making it up just having general knowledge of what was going on.

Q: Obviously, you had been spending quite a bit of time prior to this analyzing what was going on in China? Were you seeing the corruption of power that was taking place in China as far as Mao Zedong and his crazy ideas which were going to destroy millions of people later on in his own country?

YAGER: You're right, it was later on. I think in the 1950-1951 period, we were concerned about what China was going to do about the Korean War. I think they were doing pretty well, all things considered. They didn't have any image of kookiness at all and I don't think that the corruption was coming out yet. It looked like a pretty efficient communist machine.

Q: Also, I would think it would be almost impossible to avoid the contrast to the corruption and the disorganization and personality problems of Chiang Kai-shek and the Kuomintang, as compared to how in its very earliest days the Chinese communists were dealing with China.

YAGER: In Hong Kong, we weren't really looking at Taiwan. If we had been, I think that we would have seen a somewhat different picture. I saw it later. I was assigned there in 1957-1961. I think we would have seen it already in 1950-1951. Some very good people didn't stay in the mainland. There was a basis for doing much better there than was done on the mainland. Indeed, that was what happened. You might say it was a matter of scale. They had good people concentrating on a small area, rather than a mix of people trying to deal with a huge empire.

Q: Were we looking at the Soviet communist-Chinese connection at that time?

YAGER: Yes.

Q: Was it still a lips and teeth relationship or were we seeing problems?

YAGER: Well, I think back in Washington in the research area, we were seeing problems. The problems didn't get really acute until the very late 1950s. 1960 was probably the point of the big break when the Soviets pulled back all their advisors and stopped their projects. Even then, there were some people who said, "They're just putting on a big act." That position, however, became less and less credible.

Q: There were true believers on both sides.

YAGER: Yes. I think the people who were seeing what was going on were the ones that were right. It really was going on. There really was a split. That didn't mean that Mao was no longer a communist. It didn't mean that suddenly they were our friends. They weren't.

Q: What was the feeling in Hong Kong in this 1950-1951 period that you were there about a move on Hong Kong by the communists?

YAGER: We were quite wrong abut that. That is why the dependents were evacuated. We had various intelligence that seemed to indicate that an attack was coming. It turned out to be wrong. But the CIA station chief at the time, a man named Schultheis, was convinced that it was coming. He was very alarmist. He said, "This time, it won't be Stanley. It will be Belsen." Stanley was Stanley Peninsula, where the Japanese had interned the foreigners. That was pretty bad. They had nearly starved them to death. Of course, Belsen was one of the death camps of the Germans.
Q: How about your dealings with the British when you were there?

YAGER: They were pretty good, particularly at senior levels. Our evacuation caused a lot of resentment in the British community, but the senior levels were quite understanding. I remember, the police chief, a Scot, as many officers were... You recall how Boswell went on about the beautiful prospects of the Scottish highlands and Johnson said, "The best prospect a Scotsman ever saw was the high road to England." The Scots did make a good thing of the empire. The police chief called on McConaughy and McConaughy, as he often did, had me sit in. The police chief said that we shouldn't take the criticism so seriously. He said, "I would like to quote the words that are on the arch at the entrance to my little college in Scotland. It says, 'They say what they say. Let them say.'" That was typical of the senior British attitude. They realized the position we were in, that we had this intelligence, and we had our dependents there... The governor's wife was American. The political advisor was a very sophisticated man. I saw a fair amount of him. I dealt with the police at all levels, including the chief. So, I would say we actually got on pretty well. The British down the line by the hundreds or thousands thought we were just giving up the game.

Q: Of course, we were also suffering from what had happened in Mukden and in Shanghai. That was within a year before.

YAGER: McConaughy had been consul general in Shanghai.

Q: We had seen what had happened before. People got out alive, but it wasn't a very pleasant experience.

YAGER: There is a saying that all evacuations are too early or too late.

Q: Yes, absolutely.
YAGER: When World War II started, the American consul general, whose name I can't recall, came back from leave in the United States. He told everybody, "We are about to make a deal with the Japanese. There is not going to be a war." There were even Americans on ships in the harbor who were leaving who got off the ships and stayed and then were caught. There was a memory of that and there was a memory of how the Japanese had treated foreigners, very, very badly. The communists were not known for their merciful behavior with anybody. So, I think McConaughy felt it was his duty to save these dependents. He knew that it might not happen, but there was enough reason to think it might.

Q: By the way, at the consulate general in Hong Kong in this 1950-1951 period, had there developed a rather sophisticated apparatus that was eventually at our consulates general translating papers, analyzing, interviewing, and all. Had that started?

YAGER: It had very definitely started. We had some very good political officers and we had some very good Chinese employees. We were translating things and we were interviewing people, and we were reaching out, trying to make contacts. I don't know to what extent the CIA station was sending agents into China, but I suspect they were. I wasn't privy to that.

Q: You just mentioned the CIA. During this early period, the CIA was just getting started, taking over...

YAGER: Well, they were formed in 1947, so they were pretty much of an organization there. I mentioned the station chief, Fred Schultheis. I am pretty sure that he came from a missionary background. He was an old China hand and spoke Chinese. He had some good people under him and we had some good political people. The economic side was not quite as strong. This gave me a little bit of an opening as an economist. I thought the CIA was quite respectable. There was a little bit of tension with them because they weren't too candid with the consul general, as they were supposed to be, and they sometimes would not let us know things that they had reported that there was no reason why they couldn't have informed us at the time they sent the report in, but they were not very good about that. But the personal relations with the station were quite good. We socialized some. When you came in the main door to the consul general, you would encounter his office, his secretary, his deputy, his secretary. Then you would get the economic section and the political section and after that, the CIA station. They were all in one big, open suite. We got along well with them personally.

Q: I thought this might be a good place to stop, when you left Hong Kong in 1951. We'll

pick it up at that point when you came back to Washington. We were just talking about the CIA. During this next phase, I would like to examine the outlook of the CIA vis a vis the Department of State and their research towards China.

YAGER: I think you're raising a good question and one that I am very happy to talk about. It was very much on my mind after I got back to Washington. I had an ambivalent view towards CIA. I had friends there and they were competent. I liked dealing with them, but I felt that State Department intelligence was losing ground more than we should have to the CIA.

Q: Let's talk about that.

***

Today is December 6, 1999. We want to go back to Hong Kong. You wanted to expand a bit. You were talking about Macao.

YAGER: I don't think that I said enough about my main contact in Macao, who was a gentleman named Pedro Jose Lobo, usually referred to as "P.J." Lobo. His official title was director of economic services. Actually, he was in charge of practically everything going on in Macao, particularly anything illegal. He lived in a house that was known as Villa Verde or Green House. Back of this house were six small green houses, in which his children resided when they were in Macao. There was also a radio tower there and a broadcasting studio. He broadcast mostly music that he claimed to have composed himself. He once told me how he composed the music. He would pick out a tune on the piano and the he would say to a musician whom he had hired, "Now orchestrate that." The musician would do it, and it would appear shortly over his radio station. Of course, I wasn't interested in that aspect of his activity, but in the illegal trade with communist China.

My routine when I went to Macao was to call him at his office and he would always invite me to lunch, which I would accept. Lunch began as a ceremonial affair. Lobo sat at the end of a very long table, and his three main henchmen, all Chinese, sat near him at that end of the table. I was given a seat also at that end of the table. His relatives in residence would come in one by one, hug and kiss him, and then take seats at the far end of the table. We would have discussions of various things, always in English for my benefit. Some of the discussions were designed to mislead me or even to frighten me. I remember on one occasion his intelligence chief said, "There is someone coming to Macao who is a very bad intelligence man and he is going to get into trouble." That, of course, was me. After lunch, I would say to Mr. Lobo, "On this visit, I would like to go here, there, and somewhere else." In some cases, he would give me an English-speaking assistant to go with me and a car. So, this was very good. I was being given facilities by the main culprit that I was investigating.

On one visit, I told Lobo that I wanted to check out a report of illicit POL dumps on Green Island. Driving around with Lobo's man, I confirmed the report. Emboldened, I

next went to the office of an oil wholesaler. Using my status as a U.S. consul, I copied records of oil shipments to China. I then boarded a river boat and bluffed my way into copying its manifest. Armed with my material, I returned and told Lobo what I had learned. He threw up his hands and said, “I am helpless before the corruption of the harbor police.”

Q: You were mentioning your relationship with another gentleman in Hong Kong.

YAGER: Right. Before I went to Hong Kong, I had been following Communist China in the research part of the State Department. I had acquired an interest in Chang Kuo-Tao, who was a member of the Politburo. He had a quarrel with Mao Zedong, broke with him, and fled because he knew Mao in one way or another would bring charges against him and he would probably be executed. One of the things that I hoped to do in Hong Kong was to find Chang, who supposedly lived there. The consulate general had made some effort in this direction but had not been successful.

I had a piece of luck. Bob North, a friend of mine on the faculty of Stanford University, came through Hong Kong from a meeting in India. I told him of my interest in Chang. He said, "Oh, I know how to get to him. I have a contact here that knows where he lives. I will tell this contact that you want to meet Mr. Chang." Bob left. Several weeks later, there was a knock at my apartment door and a gentleman introduced himself as "Wang Ju-chin." He said, "Mr. K.T. Chang would like to meet you." K.T. Chang? I realized that was Chang Kuo-Tao. So, I very readily accepted that invitation. That led to a serious of interviews in Chang's apartment. I of course reported these interviews to the Department. The Department responded with questions for me to pursue. It became quite an exercise, a good way to learn more about the history of the Chinese Communist Party. I remember particularly one inquiry from the Department, "Ask Chang what happened to the 26 young bolsheviks." Well, these were well-known to students of the history of the Party as a group that went to the Soviet Union for training and then returned to China to help the Chinese communists in their efforts to gain control over China.
Q: When was this, in the 1930s?

YAGER: I can't put a date on it now. I could have at the time I was interviewing Chang. In any case, I posed this question. He said, "Let me think about it. I'll also ask my wife." I knew that his wife had also been a communist activist. About a week later, he came back with answers concerning all but two of the young bolsheviks. This group did not fare very well. Some were expelled from the Party. Some were caught by the Kuomintang and executed. None rose to high positions in the Party. All in all, it was a very unsuccessful effort on the part of the Soviet Union.

Q: We were working both to get obviously current information, but also to build up our background, to understand where these people were coming from.

YAGER: Yes. That was part of the problem. I remember asking Chang, "To what extent were discussions in the Politburo framed in ideological terms?" His answer was, "Not at all." They were always in practical terms: What is the problem, what are our alternatives,

what are the advantages and disadvantages of each? It actually sounded like an approach that Americans might take. This rather undercut the idea that the policies of the Chinese Communist Party were strongly influenced by ideology.

Q: What was the reading you were getting from him as far as what was driving Mao Zedong? In the first place, there is ideology or how he thought about things. The other side was, was personal power and personal influence the driving force?

YAGER: That is a good question. He, of course, hated Mao Zedong. As best as I recall, he thought Mao was a self-centered seeker of power and was very ruthless in that search. Of course, somewhere in the Archives, there may be the reports that I wrote, which would be better than my memory so long after the event. I believe, however, that what I have said is generally accurate.

Q: How about Zhou En-lai?

YAGER: We must have discussed Zhou En-lai, but I don't remember what Chang said about him.

Q: You left Hong Kong when?

YAGER: I think it must have been July of 1951.

Q: You're back to INR in 1951. How long were you in INR?

YAGER: I came back and was acting division chief for the Far East. Sabin Chase, who had been division chief, was diverted into a full-time project at CIA. He also was someone who did not like to manage anything. He was more of a scholarly type. I was also somewhat scholarly, but I've always liked to manage.

Q: For how long did you do that?

YAGER: With a couple of diversions, I left INR in June of 1957.

Q: We'll more or less talk about this period. One of the questions I raised before and we agreed we'd talk about it was, during this period, how did you feel about the input that INR, the State Department, was getting from basically overt sources and the CIA from its sources? Compare and contrast. Was there a difference?

YAGER: We had essentially the same sources as CIA, including its own reporting. Of course, I don't know to what extent some things might have been held back, but, in general, I think they did give us everything that they had. We had whatever the U.S. military collected. We had whatever the British and the Australians collected. Of course, we had the reporting of Foreign Service officers and overt sources. I don't think that there was a significant difference, maybe no difference at all, between our sources and CIA's sources.

Q: Do you think there was a different outlook by the CIA and by the Department of State? It's one thing to have the intelligence coming in, but you've got, is this really an aggressive country? By this time, the Chinese were actually fighting us on the Korean Peninsula. Whither China?

YAGER: I think on the substantive level, we had no important differences with CIA. The most important contact we had with CIA was the National Intelligence Estimates process- (end of tape)

Q: You were saying that your major contacts...

YAGER: In evaluating the relationship, I was going to give you the bureaucratic framework in which we operated. The most important contact was the process of producing national intelligence estimates. I'll come back to that. Also, we were heavily involved in producing national intelligence studies which eventually paid for the majority of the staff in INR. Then there were occasional contacts, particularly in the field of economics. We had a special relationship with CIA, and with the British, which is a story by itself. I'll go over these various contacts.

The national intelligence estimates were made by a staff in CIA supervised by a board of senior specialists. CIA called on other intelligence organizations to make inputs, depending upon the nature of the estimates. INR was called on for almost all of the estimates, as we had a capability that was relevant. I would say that our inputs were dominant. We had a better staff, although not large, than anybody else, except the national intelligence operation in the CIA itself, which I would rate as being at the same level. So, we would write these papers, which were called "contributions" to national intelligence estimates. Then there would be a series of staff level meetings on whatever CIA had drafted based on its own resources and the inputs of the other agencies. That relationship was largely a happy one. We got on well with CIA, and we felt good about ourselves. We felt that we were really making major contributions to these estimates.

The National Intelligence Studies Program produced massive bookshelf, long studies on practically all aspects of foreign countries. The State Department did the political inputs, part of the economic, some sociology. I think that was probably about all, but it was a big activity of questionable value.

The informal contacts were probably mutually useful. There was one special case that should be mentioned. I am trying to date it. I'd say it was 1951 during the Korean War that the then chief of naval operations did what amounted to an end run on the other chiefs of staff, including the chairman in particular, directly to President Truman, with a complaint against the British. The CNO claimed that naval intelligence had evidence that the British were engaged in a large illegal trade with Communist China, partly through merchant ships, but to a large degree through junks operating out of Hong Kong. Truman was very concerned about that. He was scheduled to see Prime Minister Churchill, who had come back to power very recently. So, Truman met Churchill on his presidential yacht, the Mayflower, the first thing he raised with Churchill was this allegation by the

chief of Naval Operations. He hit Churchill pretty hard on it, apparently. Churchill said, "Well, we would like to have more detail on your allegations to evaluate them." So, this was provided. Several weeks later, the British said that "We would like to have a joint study of this problem by our intelligence people and yours." Truman agreed with that. So, a series of joint studies started. I was deeply involved in them. We would alternate the meetings between Washington, which would be in a CIA office, and London, which would be in an office of the Joint Intelligence Bureau, part of the Defense Ministry. The burden of this work was shared between Edward Fried and me. That is, we would alternate going to the meetings. It was very difficult to come out with a satisfactory position on these joint studies because the American side was not united. The Office of Naval Intelligence, of course, was following the position that had led the CNO to complain to Truman. CIA and INR both felt that this position was wrong, that you couldn't prove that there was any substantial British smuggling activity going on. So, we would always have to fuzz our statements in these studies, and it was a rather unhappy exercise on the American side.

Q: During this time, 1951-1957, in 1953, a new administration took over. John Foster Dulles was the Secretary of State in the Eisenhower administration. Walter Robertson became the head of Far Eastern Affairs. Particularly in the Far East, this seemed to have an ideological tinge to it more than others. Did that seem to affect you at all?

YAGER: I don't think it affected us very much. We, of course, were aware of the problem. I think that the people working on Southeast Asia may have been the most affected, although I think their problems predated the election of Eisenhower. The policy people in Southeast Asia in those years were largely Europe oriented. They gave great weight to the colonial powers, particularly the British and the French. I think the Dutch got very little American support, and they resented it bitterly. They complained that "You don't put this kind of pressure on the French and British to give way to rebellions. Why do you do that to us?" Really no answer. The policy people in the State Department wanted to be accommodating to the French in Indochina because we wanted France to revive in Europe, and we wanted France to be a major player in Europe in cooperation with us. So, we didn't want France to fail in Indochina and we didn't want France to feel that we were pushing them around in Indochina. That was the European point of view. The area specialists in INR felt that this policy was based upon erroneous assumptions about what was going on in Indochina. They felt that it underrated the importance of the nationalist rebellions in all parts of Indochina, particularly Vietnam. Much the same position came out in our dealing with the Dutch problems in Indonesia. So, it may be that when Eisenhower came in, that differences could have gotten a little worse, but I don't really recall that.

I think the security problem became worse. Of course, it started under Truman. A number of people in the Far East Division were investigated. I don't think anyone, with one possible exception, was actually pushed out, although two or three people got private jobs and got out of the government, partly because of being under investigation. I fortunately had a friend in security, not that it helped any problem that I had, since I didn't have any problem. But he told me of how some of the security agents would try to force people

under investigation to resign when they didn't have enough evidence against them to bring formal charges. There were a couple of cases in my own division, maybe more, of people who were under investigation. I urged them not to resign. I said, "You may be pressed to resign, but it seems to me that there is nothing that you've done that is wrong. You should resist this kind of pressure. If you hang on, you'll probably be alright. If you resign, you'll lose your job, and it will make you look very bad." I knew that that was the way the operation sometimes worked.

Q: When the new administration came in, we were also moving towards peace - or a truce - in Korea. Do you recall how we were reading the Chinese at this time? Our troops had been fighting Chinese troops now along the 38th Parallel, very roughly, with considerable casualties, mainly on the Chinese side. How were we reading the Chinese? Were we getting reports that they really wanted out and to stop this thing or what?

YAGER: I don't remember what reports we had on that. It was the Russians who tipped us off in the UN that negotiations were possible. In the Far East Division, we had been maybe not the originator, but certainly one of the proponents of the view that the Chinese and the Russians were not getting along. This truce problem was in 1953. I think we had at least raised the question by then. So, probably, we wondered to what extent the Chinese were going to follow a separate policy. I think that we thought that some kind of an agreement was possible since the Russians had in a sense started negotiations or triggered negotiations. I honestly don't remember what reports, if any, we got about the Chinese. The United States had not, as far as I know, infiltrated the Chinese leadership circles. So, we would not have had very good reports on Chinese policy.

Q: As we move towards 1957 and all, there is a truce. Was the feeling that China was too involved in itself to be as much of an aggressive power or were we still caught in the idea that this was a country that was going to continue to expand?

YAGER: We thought that they were interested in expanding. Whether they wanted to continue to fight the United States was a separate question. I think that on Chinese expansionism, assuming that they had been checked in Korea, we saw problems throughout Southeast Asia with the Chinese supporting revolutionary movements. So, we saw China as an expansionist power, but there was the separate case of Korea, where they had bumped into U.S. military power. I don't know whether we knew it at the time or learned it later. You mentioned the Chinese casualties. They were indeed very heavy. We were not negotiating because we were in trouble. We were dominating the situation militarily. If we had not decided that we wanted to settle for a line somewhere around the 38th Parallel, we could undoubtedly have pushed them back farther. There was some discussion of an unofficial sort about "Well, why not push them back to the narrowest part of the peninsula?" I think the general line was that we were more likely to get agreement if it was not too far off from where the line was before, although the truce line was north of the Parallel in the east and then south of it in the west. That probably was a good place to try to get a truce.

Q: I can't remember the time when the Chinese moved into Tibet. Was this during this

period?

YAGER: I can't either, but I think so. I can't date the clash between the Chinese and the Indians.

Q: I can more or less. It was around 1962. The Chinese, I think, had moved into Tibet earlier on.

YAGER: Yes, they had.

Q: Was Tibet considered an issue or was Tibet sort of accepted as being a place under Chinese influence anyway?

YAGER: We felt there wasn't anything we could do about it. We were interested as an intelligence organization in what was going on. I remember, there were some Tibetans in Washington and we had been told to keep away from them. One of our senior people, a rather eccentric woman, got a very junior man, a very bright fellow, to pose as a student. He went over and contacted the Tibetans. Luckily, this didn't reach the higher levels of the Department or we would have been slapped at least across the wrist for violating the instructions to keep away from them.

Q: Let's move a bit to Japan. How were events in Japan seen at this point?

YAGER: Let me back up a little first. I think earlier I might have said that the people who worked on Japan had the best relations with their policy counterparts of anybody in the Far Eastern Division. I think that we really had pretty good grip on what was going on in Japan. We would have people go there on short assignments. I think I mentioned one who was thrown out because he was at the wrong dinner party at the wrong time. We felt that Japan was a very important part of our position in the Western Pacific and we treated them as carefully as we could. There was an episode that I think is of some interest.

We had agreed with the Japanese that we would not introduce nuclear weapons into Japan without the permission of the Japanese government. Then, Japanese officials started talking about this issue using somewhat different language. The key words were "not introduce." I can't remember exactly what words they used, but they were making it more like "bring in, carry though." The trouble was that we were indeed bringing nuclear weapons into Japanese ports in our bases and occasionally they would be on planes that landed at our air bases in Japan. But the view was that they were not being introduced into Japan because they were not going to stay there. The Japanese had a ridiculous theory created by some newspapers, that we had some big rafts beyond the territorial limits and that our warships would unload their nuclear weapons and leave them on the rafts, then come back and get them. We were concerned about this change in language. It was such a concern that we had a meeting with President Kennedy about it. There was some danger in raising the problem. The Japanese might say, "Yes, that's right. We don't want you bringing those things in here at all." So, the question was, should we remind them that it's important to stick with the idea of "not introduce?" Well, Kennedy was

pretty sharp on that. He said, "Shortly after I was nominated by the Democratic Party to run for President, I got a telephone call from a woman who was co-chairman of one of the state committees. I hadn't heard of her. She said, 'Senator Kennedy, I hear that you're thinking of dumping me.'" He assured her that he was not thinking that at all. Afterwards, he said, "Maybe I should look into this. Maybe I should be thinking of dumping her. Actually, I never did. That shows you the dangers of asking some questions." However, in the end, we decided with the President's concurrence to have Ambassador Reischauer meet privately with the foreign minister and to raise the question. He did, he got the right response, and the whole thing was over.

Q: Was there a change in INR as far as coverage of Japan after the departure of General MacArthur in 1951?

YAGER: When the peace treaty was negotiated, which I think was 1952, we had an embassy there. We had a political section and an economic section. The CIA had a station there. So, the coverage of Japan must have been greatly improved. I can't remember that as being a great change that we applauded, but I'm sure that it took place. MacArthur didn't want anybody except his own people to be reporting on Japan.

Q: I would assume that his chief of intelligence, General Willouby, would be somewhat suspect only because he was such an ardent supporter of General MacArthur. He was renowned for this. You had the feeling that everything that filtered through him had to have a certain slant.

YAGER: He was part of the MacArthur problem. During the days of MacArthur as SCAP (Supreme Commander, Allied Powers), one of our main roles was to try to figure out what was going on in Japan through studying Japanese newspapers. The Japan desk was sort of a superdesk on those days. The desk wanted us to do that because they weren't confident that they were getting the right kind of stuff from MacArthur, which means Willouby. So, that is one reason we had such good relations with those people. They needed that kind of help and we gave it to them.

Q: You were doing intelligence on the Far East. We've talked about China. We're talking about to 1957. We've talked about Japan. What about Indonesia and that area? This was a time when the Dutch were losing out there. Did you get involved in that?

YAGER: Yes, and our people had quite a bit of trouble about it. They felt that the Dutch really had to get out, that there was no way that they were going to be able to reassert their power over that very large, very populous country. By coincidence, one of our senior people, Phil Trezise, was detailed to Jakarta to assist the American negotiator.

Q: Ellsworth Bunker, wasn't it?

YAGER: No, it was not. Bunker was involved in Indochina.

Q: No, he was involved in Indonesia. Maybe that was later on the Irian thing.

YAGER: I think you're right about that.

Q: But not the Indonesian thing itself.

YAGER: The name will come back to me. He was a very senior, rather crusty man. Trezise's assignment there, however, didn't mean that we had a new source of intelligence. He was not in a position in which he could report separately. But your assumptions are right that we did have some trouble until the policy paper. It wasn't trouble in the sense that they would say "I'm going to complain to the Secretary of State about the kind of stuff you're writing," but they would indicate their disagreement with it. Our specialists on that area, and specialists on Indochina even more so, were in some disrepute among the policy people because they were taking positions that were viewed as contrary to American policy.

Q: Did you feel that you had to be careful on these ex-colonial things because of our Europe first policy?

YAGER: It's clear that a pro-European policy was the problem. We were pretty tough. That is, we didn't try to accommodate these people. We would say what we thought. I certainly would not have tolerated any effort to accommodate. Our analysts would not have wanted to do that anyway. When you're in intelligence and are dealing with more powerful policy people, you have to be tough. You can't just become servile echoers of policy. You have to say what you think. Otherwise, you shouldn't be there at all.

Q: What about the Philippines? How were we seeing developments in the Philippines?
YAGER: We had no important difficulties with the policy people on the Philippines. I think that our analyses of how well the communist-supported, the Huks, rebels were doing went over perfectly well.

Q: I suppose one of our problems has been almost taking for granted certainly in the early years Australia and New Zealand. Did they figure at all as we were looking around?

YAGER: Yes, they did. We had considerable sensitivity to what they thought, particularly Australia. The old former colonies were linked more tightly to London in the intelligence field than the newer former colonials. The Australians because of their competence were quite important. Since their interest was in the Far East, we were in contact with Australian intelligence. They had a liaison man in Washington. I knew him and talked to him fairly frequently. We would see intelligence reports or analyses that came to us through CIA that were Australian in origin.

This leads to me what I want to tell you about the several months that I spent in Singapore in 1953. We were exchanging intelligence on the Far East with the British and therefore with the Australians, too, in Singapore. They had an organization called Security Intelligence Far East (SIFE), which was a joint MI-5, MI-6 organization. MI-5

and MI-6 were cover names. Five was for pretty much the FBI function, security intelligence. Six was for international intelligence. They had jointly set up SIFE in Singapore in a very ugly place called Phoenix Park. Well, I got the notion that I should go to Singapore and try to handle the exchange of intelligence with SIFE in such a way that we would get some added benefit from it. It was being handled by the CIA by couriers. We would hand the British stuff and they would hand us stuff, but there was no discussion of it in Singapore. I felt that if we could discuss selective intelligence items right on the spot with area specialists in SIFE, we might get more out of the exchange than the way we were then handling it. Well, this was agreed to by my bosses and so off I went. I could have gone around the world either way. Singapore is about the same distance from Washington no matter which way you go, but I decided to go through London because I had contacts in the Joint Intelligence Bureau in London, particularly with the deputy director, a man named Ronald MacEuen, an anglicized Scot, a very smart man, but a very heavy drinker. So, I called on Ronnie and told him exactly what I was up to. He said, "Well, I'll give you some help, Joe. I'll send a cable off to Singapore telling them to treat you right."

So, I got there and our consul general, Charles Baldwin, greeted me cordially and he said he agreed with my project. He said, "But unfortunately, something has happened and you cant see anybody until it gets straightened out." Well, MacEuen had sent a cable to SIFE saying I was coming there to study British colonial administration. Of course, the American consul general had told them I was coming there to upgrade the exchange of intelligence. Well, the acting head at SIFE was a man with a hyphenated name. Part of the name was Bennett. I can't remember the other part. He had been the number two in the British embassy in Ankara during World War II when the notorious affair Cicero occurred.

Q: Yes, the valet to the British ambassador had the combination to the ambassador's safe.

YAGER: Yes. He was taking things out of the ambassador's safe in the ambassador's own quarters, copying them, and giving them to the Germans. Bennett was permanently scarred by this experience. It made him an extremely suspicious man. When he got two different stories as to what I was coming there for, he felt the Americans were up to something, and he lowered the boom. So, it was a couple of weeks before I could talk to any of the British. The CIA station chief correctly saw me as a threat to his turf. He did his best to complicate my problems. He would tell the consul general, "In this Yager case, you know, everybody is very upset about that out there at SIFE. They don't know what's going on. It's really a very bad situation. We just have to get out of this," etc. Anyway, somehow, Mr. Baldwin straightened it out. I started working with the people at SIFE. I had quite good contacts, and I recommended that we station somebody there to do what I had been doing. Someone was indeed stationed there to do that. CIA sent out a senior man to do what I was recommending the State Department do. Well, of course, I had somewhat mixed feelings about that. I felt that the U.S. government was handling the intelligence exchange better than before, but I was chagrined that this had strengthened CIA rather than the State Department.

Q: Of course, with these turf battles, that is the way things go. Did you feel that you were getting a better flow of information, better talk and all that?

YAGER: It's always very hard to say, but I felt that that was the way to do it. They sent a very good man, R. Jack Smith, one of their best people. I felt there was a lack of assertiveness on the part of my superiors in the State Department. During this period, the CIA formally took over practically all foreign economic intelligence, not only collection, but analysis, and we were left just scrambling at the fringes.

Q: That's very dangerous, isn't it? Most economic intelligence is overt. Analysis in a way is certainly on an equal and should be done by the State Department.

YAGER: You're right. The covert distinction did not matter because we had the same sources as CIA. But as an economist, I particularly was unhappy over this outcome, and I felt that my superiors had not fought hard enough to preserve a role for State Department intelligence in the economic field. We were not completely thrown out, but we were marginalized.

Q: Going back to this period during the early to mid-1950s, what as your impression of the academic community dealing with the Far East and their feedback? One always thinks of Reischauer and Japan, and Harvard and Fairbank out of China and all, and others. How did this play in the intelligence field?

YAGER: Well, that is a peculiar story. Yes, we had contacts with academics and, in fact, knew most of them. Shortly after the transfer of the Research and Analysis Branch of OSS to the State Department, Charles Stelle, who was the first chief of the China Branch, a very smart man, tried to organize an academic panel which would discuss our most important projects. These people would be given secret clearances. He prudently explored the clearance prospects of the group that he had in mind. He was told one of the chief experts on the panel could not get a clearance. It was inconceivable that you could have the kind of panel that Stelle was organizing without this man on it, so he dropped the project. Strangely enough, a later chief of the Far East Division, Warren Humsberger, got the same idea and went ahead and organized a panel, including the man that allegedly could not be cleared. But this time he was cleared. Humsberger had no knowledge of Stelle's aborted effort.

I can remember going to both Columbia and Harvard to talk to specialists.

Q: How about Berkeley and Stanford? Did they play any role in particularly the Far East?

YAGER: We knew and had contacts with people there, but geography worked against the same kind of relationship that you could have with universities in the east or even in the Midwest. We had contacts with Michigan, Illinois... I think probably Harvard was our the strongest contact, but Columbia might have been second. I think these contacts were

mutually useful.

Q: In 1957, what were you doing? What happened then?

YAGER: I had entered the Foreign Service under the Wriston Program. I can't remember whether I took the initiative or someone else did, but in any case, I was offered the assignment of economic counselor at the embassy in Taipei. I took it. Of course, in the Foreign Service, you're supposed to accept assignments that you're offered, but anyway, that was one that I felt was appropriate to my capabilities and interests.

Q: So you were in Taipei from 1957 to when?

YAGER: 1961. Most of that time was as deputy chief of mission rather than economic counselor.

Q: You got out there about when in 1957?

YAGER: It was the middle of the year.

Q: How would you describe the situation on Taiwan at that particular point?

YAGER: We had had something of a disaster. The embassy had been attacked by a mob and looted and partly destroyed. So, when I arrived, the embassy was located in some excess space provided by an agency attached to the Navy called NAMRU2 (Naval Medical Research Unit). I had read all the information about that rather sad episode. The riot had been set off by a case where an American sergeant had shot and killed a Chinese who he said had been peeping at his wife taking a shower. He was tried in an American military court. We had an agreement with the Chinese there that made that the appropriate thing to do. He was acquitted. When he was acquitted, the Americans in the audience all stood up and applauded. All this was reported in the Chinese press. There was widespread indignation over this case. That led to this looting of the embassy. I would say that our relations were in a slump. There was great suspicion that Chang's son, Chiang Ching-kuo, was behind the looting of the embassy, but that was never proved. Certainly, some Chinese intelligence agency was involved or took advantage of it. Someone broke into the code room and got at the code machines. This had forced the changing codes all over the world. I think that that kind of action indicates some knowledge of where the code room was and a strong desire to get into it.

Q: Yes. Well, who was the ambassador when you arrived?

YAGER: Karl Rankin.

Q: I understand he was pretty shaken by this whole episode?

YAGER: Well, he had a minor problem with it. He had previously been stationed in Hong Kong. He and Mrs. Rankin had friends in Hong Kong. They liked to go there

occasionally, which was done very easily. But when an ambassador leaves his post, he is supposed to notify the State Department. In this particular case, for some reason, Rankin just popped off to Hong Kong and did not tell the State Department. His deputy had to try to handle the riot and its repercussions. It wasn't excusable that Rankin was away, so he was criticized, but he stood quite well in Washington. Rankin was a good ambassador. He was a very intelligent man, very organized in his work. Everything that came along, he got on top of very quickly and efficiently. Under the circumstances, there was really no way for us to push Chiang Kai-shek to become more democratic. Perhaps, there was better opportunity a little later, and we did do a little bit of that later. Some people, including some members of his staff (not me), thought that Rankin was too accepting of the Chiang regime.

Q: I think this often is a division in embassies, where the more junior people think we should be doing more, which is easy, because they don't have the responsibility or see the repercussions. It's just "We should have more influence" or something like that. Actually, an embassy is there to deal as best it can with what is in place.
YAGER: The younger people had this feeling. They were quite good officers. I think they probably wanted to have the reporting be a little broader. The political counselor was very far right wing. Interestingly enough, at the time of the riot, his servants came back and expressed their sympathy with the riot. He had had some difficulty. Somebody had hit him over the head and he was bleeding. They expressed their pleasure that he had been hit. He shifted his attitude a little bit because of that experience.

Q: We're still talking about when you arrived. The China lobby, which was right wing, which had Congressman Judd, Walter Robinson, all were coming out of the right wing of the Republican Party. Did you feel under constraints about what you could report about the Chiang Kai-shek regime on Taiwan?

YAGER: As economic counselor, I felt no constraints. There was more to report than I and my small staff were able to report. So, that was not a problem. After about a year, I became first acting and then was confirmed, in the job of deputy chief of mission. From that perspective, I didn't feel any pressure from the China lobby. When I had been back in Washington as chief of the Division for Far Eastern Research, I didn't feel any constraints. I was never approached by the China lobby. I did come to know Mr. Walter Judd. He visited Taiwan frequently. I came to respect him. He was a very intelligent man. His views were not as right wing as is sometimes portrayed. He was a great one for rural development. That would be done in quite a democratic way. I would not put Judd in any negative light. I liked him.

Q: What about economic development during this period? Later, Taiwan had become an economic miracle, an economic powerhouse for a small country. Were the seeds there at the time?

YAGER: Oh, yes. Physically, even bureaucratically, some of the elements were already in place. The Japanese had a system of farmer's associations that the Chinese had maintained and greatly improved. This was a system that could be used and was used to

transmit technology down to the farmers and help them adopt better methods of growing things. The government included some very able people in the economic field. The vice president, Chen Cheng, was given a fairly free hand by Chiang Kai-shek in the economic field. He was one of the better Chinese nationalist generals. He was a very capable man. I got to know him quite well. He allowed the technocrats, the modernizers, to control economic policy within the limits set by Chiang. Chiang gave budgetary priority to the army. But with what was left, these modernizers were pretty free to do what they wanted to do. The AID agency and the embassy worked very closely with them. Even after I became DCM, I was heavily involved in this, because I was an economist.

Q: You talked about during the war. One of the earmarks of the Chiang Kai-shek regime in China proper during the 1930s and during the war was its corruption. Was that under control? How did we see that by this time?

YAGER: I don't think that corruption was a major phenomenon at the time we're talking about. Chiang himself was never accused of corruption. He was in fact anti-corruption, although unfortunately, the first criterion that he had in dealing with subordinates was loyalty. Competence and even honesty were less important. I don't remember any serious corruption cases. I did hear of petty bribes down the line. I think that the nature of the migration screened out some of the bad elements, though not entirely. In general, the professional class was made up of people who believed in a fresh start for their government on Taiwan. Of course, that was Chiang's own position. He unfortunately had the illusion that somehow he could get back to the mainland.

Q: Did you see a change or a problem with the difference between the mainland Chinese who came over and were the KMT cadre and the native Taiwanese? How was this working out during this 1957-1961 period?

YAGER: Oh, yes. The mainlanders were dominant. We quietly tried to encourage smoothing out these tensions. We felt that some progress being made, but the Taiwanese, as we called them then, were definitely in a very subordinate position. All the important jobs in the government and in state-owned enterprises were filled by mainlanders. Now, there were a few Taiwanese businessmen and industrialists who became important and who were allowed to prosper. I think that on a policy level, the mainlanders said, "Yes, they're all Chinese. We must treat them equally." But I think there was some feeling of superiority, that "These people had been under the Japanese for 50 years and they don't really know how to do things. We have to bring them along. We know how to do things. They really don't." They were a little contemptuous of them. They were also suspicious of them. They knew that some of them actually liked Japan, so the government prevented any Japanese newspapers from being carried into Taiwan and severely limited the showing of Japanese motion pictures, practically eliminated them. Actually, the Taiwanese had been allowed so little influence by the Japanese that they really didn't have many people that could occupy very high level positions. Take the military. The military before long became mostly Taiwanese draftees. Taiwanese were allowed into the military academies. But they would enter the army as a second lieutenants. How long would it be before you'd have a Taiwanese general? Quite a long time.

Q: Rankin left. He went to Yugoslavia, didn't he?

YAGER: Yes, he did.

Q: Who took his place and what was your role during this transition?

YAGER: Everett Drumright did. At the time that Drumright came in, I was acting DCM and I continued in that role for about three months. Drumright and I got on quite well. He wanted to have me permanently in that job. Robertson was pushing for Stirling Cottrell, who had been on detail to Indonesia. Why he wanted Cottrell so strongly, I don't know. He didn't know me. He just overruled Drumright and Cottrell came along. But of course, he was working for a man who hadn't wanted him. Cottrell, though a nice fellow, was a bit odd. He had some notions of tightening the administration in the embassy. He wanted the responsible section chief to tell him what he was going to do about every telegram that came in that required action before he did it. Well, that didn't go down very well. The political counselor, a different man than the one I mentioned earlier, and a smarter one, quickly undercut that policy. He created a mimeographed form listing a series of general things which might be done with a telegram and he would just check an item on this form and send it to Cottrell. So, Cottrell just didn't fit in very well. When he went off on leave after about three months, Drumright got me in the DCM job permanently.

Q: Could you talk a bit about Drumright? He is an old China hand. I think you served with him in Hong Kong, hadn't you?

YAGER: No.

Q: Oh, you had missed him. He was an old China hand.

YAGER: Yes. In Hong Kong, I was under McConaughy.

Q: How did you see Drumright relating to Chiang Kai-shek, to the situation there?

YAGER: Drumright was an old China hand, but an outsider. He was always more conservative than many people his general age and rank. He was a much better officer than his detractors claimed. He ran a very good embassy. When I became his deputy, I knew that he was known to be difficult and I said to myself, "Well, I am going to absorb the heat rather than pass it on." I followed that policy and it worked pretty well. It was a little hard on me, but still it worked. I found him quite capable and I respected his way of doing things, which were perfectly alright with me. He was known to Chiang as a friend of nationalist China and he got along with Chiang very well. On the other hand, I was an unknown, but I also got along with Chiang and Madam Chiang very well. They viewed themselves as historic characters, as I guess they were. Nevertheless, they treated my wife and me in a very friendly, helpful manner.

Q: How did you see Chiang Kai-shek's son, Chiang Ching-kuo?

YAGER: He was under a cloud because of the riot. He gradually became rather pro-American and more accessible. I got to know him quite well. I was a little surprised that when he came to power he was as democratic as he turned out to be. But I found him intelligent, pretty capable. I remember, he took a group of Americans on a bus tour across the East-West Highway. We stopped at one of the highest points of the highway overnight. I am not an early morning sleeper and neither is he, so I was up walking around and so was he. We went down a rather steep trail into an aboriginal village. He knew the people there, and they knew him. They talked to him in Chinese. I was quite impressed by his touch with people. I came increasingly to think that he was not a problem, but to some extent an asset.

Q: Yes. So often, the son just does not carry the weight that the father did and is just a weak reed, but in this case, he turned out to be a real plus in the whole political equation.

YAGER: He did eventually. He was really groomed for high office. His father moved him gradually up. He started out working with retired army personnel. They had an organization for that, whose name I now forget. Early on, he was given a leading role in the intelligence field. Then he was gradually moved up to better and better jobs. He learned that way. On the mainland, he had not been a great success. He was, in fact, quite a failure on the mainland.

Q: Let's talk a bit about the Quemoy Matsu Crisis, which sort of focused Americans' attention during the Kennedy-Nixon debates. How was that going? Could you explain what the Quemoy Matsu Crisis was conceived to be?

YAGER: I think except at the very beginning when the civil war was still going on, a communist threat to these islands was not seen as a prelude to an attack on Taiwan, which the Chinese communists really did not and probably still do not have the capability of mounting. It would be such a large amphibious operation over 100 miles of sea, even wider at some points. So, we thought the shelling was an effort to take these islands and thereby to weaken their nationalist adversary and possibly to drive a wedge between the Chinese nationalists and the United States. That was the kind of thinking that we had. The shelling came as quite a surprise. I was at a dinner in the official guesthouse with some senior Chinese officials and a number of other Americans when the news came of the beginning of the bombardment. It was totally unexpected. The nationalist minister of national defense was, by a bad coincidence, on Chinmen and he was caught in an open field by the bombardment. It was lucky he wasn't killed. Later analysis by the U.S. Army attaché of the bombardment concluded the bombardment was not a prelude to the landing of troops. It was not directed appropriately for that purpose. It was more kind of hit everything and raise a big storm, but it wasn't directed carefully against the main nationalist artillery positions and the beach defenses. You might say it was a big political bombardment rather than the prelude to an invasion of the islands.

Q: When this thing became a matter of domestic politics in the United States, did that surprise you all and did that cause any particular problems the way the debates were

going and all?

YAGER: Surprise? I am a pretty phlegmatic type. I don't react to surprises very much. So, I can't honestly say that I was surprised. I guess I did not anticipate it. I welcomed the congressional resolution because I felt that that was a way of quieting things down. The U.S. had played an important role in ending that crisis successfully. It was basically a Quemoy crisis. Matsu got a lot of shells at it, but Matsu is farther from the mainland or from any other island that can be used by the communists. So, what happened in Quemoy was really what mattered. We had escorted supply ships to Quemoy up to the old three mile limit. This really constricted the Chinese communists from doing anything. They might conceivably have had some idea of landings and maybe gradually bringing more and more troops ashore and taking the islands. But our close involvement constrained what the communists could do.

Q: Within the embassy, were we debating whether we should tell the Chiang government to abandon Quemoy and Matsu? Were we strongly supporting holding on?

YAGER: We didn't want the communists to take those islands. We thought it would be a political blow to the nationalists and something of a blow to us. There wasn't any debating in the embassy, because most people were not that informed as to what was going on. We did later get Chiang to reduce the amount of troops he had on Quemoy. He had more there than he needed to defend the island and we felt that made the island a greater prize for the communists. Getting him to withdraw part of his garrison on Quemoy was consistent with our efforts to get him to reduce the size of his army overall, which was larger than he needed and was costing money that might otherwise have gone into economic development. We made a deal with him. We gave him some very heavy artillery that the U.S. Army no longer could see a use for, but it fit the Quemoy situation. Quemoy is just full of caves and a lot of artillery was placed in caves that had small apertures through which they could fire. These heavy guns were just the thing that the Chinese could use.

Q: In our estimate, was the idea of a return to the mainland basically out of the question?

YAGER: Yes. One year there was a policy statement by the State Department which implied support for a return to the mainland and I wrote a critique saying that "This is the objective but I don't see any policy measures that would be designed to achieve this objective." Marshall Green told me privately he didn't like that comment, but the Department never criticized it in writing.

Q: Tell me, within the embassy, you obviously had people who were following China. Were you, the China experts, following developments on the mainland? Were you pretty well informed as to what was going on on the mainland?

YAGER: Oh, we relied on Hong Kong. In Hong Kong, you had access to a variety of people coming and going.

Q: But were you getting that information?

YAGER: Yes.

Q: Were there any internal debates about whether to recognize at any particular point mainland China in some configuration, maybe Taiwan being separate from China? Was this a subject that was discussed?

YAGER: No. I'd say that we saw the U.S. role as trying to keep things calm, avoid any renewal of the civil war, and make Taiwan more and more prosperous and defensible.

Q: But there wasn't the underlying bubbling up, saying, "Gee, we've got to recognize this communist regime at some point?" Or was that understood?

YAGER: I thought that we would recognize the communists eventually, but I couldn't see any basis for doing it at any early time. It certainly was not a subject of discussion. It wasn't that somebody said, "Don't you talk about that." It just was that nobody talked about it.

Q: Also, events in China were not very conducive to thinking about dealing with that. At this time, they were undergoing the Great Leap Forward.

YAGER: We rather liked the fact that Chinese communist economic policy was failing. In their first few years, they had done pretty well, and the policies on Taiwan which we were promoting also seemed to be succeeding. The embassy in Taipei was inevitably in a rather parochial position. I don't know whether the consulate general in Hong Kong in this period was talking more about the issue that you're talking about. When I was stationed in Hong Kong, which wasn't for a very long period, we certainly talked about the possibility of recognition, but that was cut off by the Korean War and even more so when the Chinese came into the Korean War. It took a long time for that experience to sink back into history and for people to take a new look at the China problem. The Chinese behavior in Korea was a defining action. They were really our enemy and what we had to do was to keep them from breaking out.

Q: I thought we might stop at this point. We've come to 1961. Where did you go?

YAGER: In 1961, I came back to be chief of Chinese Affairs and then they reorganized and I had China, Japan, and Korea. This was in what used to be called the Bureau of Far Eastern Affairs.

Q: We'll pick it up at that time.

***

Today is December 13, 1999. You said there were some things that you should cover that we didn't before when you were in Taipei. Let's go back. What would you like to talk

about?

YAGER: One thing was the problem of preventing a new outbreak of the civil war. This was not too easy, because CIA was continuing to send teams into China. The Chinese communists, of course, didn't like that. The military situation when I first went there was that the Chinese nationalists had air control over the Taiwan Straits, and the Chinese communists had not yet moved any substantial amount of air force to the China coast opposite Taiwan. When the Chinese communists did move more planes there, we were afraid the Chinese nationalists would attack the communist air bases. I'm not sure whether Ambassador Drumright was away or whether he just asked me to do it. Anyway, I went to the foreign ministry and told them that we were aware of this new situation and we also were aware of the fact that the chief of their air force had threatened to attack the communists if they moved planes forward. I said that we thought this would be a very poor idea, that there was no point in restarting the civil war and so on. The government on Taiwan did not attack these bases, so maybe our demarche had some effect. One minor amusing part from my point of view was that a couple of days after I had made this demarche, my boss, Ambassador Drumright, said, "Chiang Kai-shek is angry with you." I said, "He is?" He said, "Yes. He doesn't like what you said in the foreign ministry about not attacking those air bases." Drumright didn't really feel that I had done something wrong, so I didn't take his remark seriously.

A somewhat more serious situation arose later. I can't really put a date on it. I don't think this has ever been published. The Chinese nationalists infiltrated 4,000-5,000 elite troops into the Thailand, Laos, and Burma border area without our knowledge. They called these troops "special forces," although they were not special forces as the U.S. uses the term. They were really just especially good infantry. The Burmese army, unfortunately for them, discovered this force back in the jungles and the Chinese gave the Burmese a bloody nose, because they were quite superior to the Burmese in their capabilities. This let us know that these troops were there. Drumright was away at the time. The Department sent us an instruction to tell the government on Taiwan that they must get those troops out of there immediately and that the U.S. government would take any necessary action to insure compliance with this request.

This gave me the opportunity of delivering an ultimatum, which very few Foreign Service officers have had the pleasure of doing. I was instructed to see the foreign minister, but he was away, and I realized there was some urgency to my instructions, so I went to Hsu Shao-chang, the political deputy foreign minister who was the senior deputy. I delivered my instructions and Hsu said, "Joe, that is very hard language." I said, "I am giving it to you verbatim." After I delivered the ultimatum, things moved rather rapidly. We called in the chief of MAAG and got his full cooperation. MAAG set up a training exercise for the transport component of the Chinese national air force to bring the troops back. It went off very smoothly. The only mishap was one plane blew a tire on landing at the airfield in Thailand, but it did not damage the plane otherwise.

Q: How did they get into Burma?

YAGER: The connivance of the Thai military. I don't know exactly what was done because of that, but I imagine that there was probably some unpleasantness between our embassy in Thailand and the Thai military.

Q: With the CIA, did you run into any problems with U2s? It has come out now that we were training nationalist Chinese pilots with U2s and they were flying over China.

YAGER: I didn't have any knowledge of that at the time, despite the fact that I was the DCM. I had some knowledge of the operations by sabotage and espionage teams. I had lunch every week with Ray Cline, the CIA station chief on Taiwan. We would discuss the political situation and exchange information. He never told me very much about his operations. I think he told Ambassador Drumright somewhat more. I had quite serious reservations about those operations, but I felt that it was not up to me to complain. I knew that they were totally unsuccessful, that the communists were snapping up these poor people shortly after they landed and that they had no effect except as an irritant to the communists. Ray was a very capable man, extremely intelligent. He got on very, very well with Drumright. I felt that he quietly moved too far into Drumright's sphere of authority, but since Drumright seemed to like it, there was nothing I could do about it.

There was a problem with the way the Chinese handled senior U.S. visitors. The Chinese liked to divert these visitors - let's say, a senator - and handle his schedule while on Taiwan. Drumright and I decided that we were going to stop that. Soon thereafter, I struck a blow for that policy, when I met Senator Monroney of Oklahoma at the airport. General J.L. Huang, a very large man, tried to take Senator Monroney's bag away from me. Somehow, I kept the bag, and I was then able to take the Senator to the embassy for a discussion of his schedule.

Q: I served in Korea from 1976 to 1979. By that time, the Koreans had a (This is speaking of these official visits, particularly of congressmen and all.) very sophisticated technique of dealing with these... There were some essentially tame congressmen, but important ones, both senators and representatives. For some of them, they would come over and practically bypass the embassy. There would be a tailor waiting for them to whip them up some clothes. It was assumed, but we didn't get into it, that there was probably female companionship involved, presents. It was damn close to bribery. It was almost blatant. Of course, this is very Oriental, but it's also not unknown in American business practices. But it was very disturbing to us. This is 20-odd years later. Was there that type of thing going on?

YAGER: Yes, there was. There was some of it. We certainly didn't encourage it, but some members of Congress were notorious for this kind of thing and we felt that they traveled in large part because of this kind of treatment during their trip.

I think that I should cover a few more things on my assignment in Taiwan. Two of the most important events were the visits of President Eisenhower and Vice President Johnson. President Eisenhower had not planned to stop in Taipei, but his stop in Tokyo was canceled because the embassy in Tokyo reluctantly concluded that it would be

dangerous for him to come there. The Japanese government had warned them that they could not ensure the security of the visit. The President shifted to added stops in Taipei and Seoul. We had just a few weeks notice. That sounds like a lot, but it isn't. Luckily, Embassy Tokyo sent up its plans for the visit, which gave us an idea of what we should do. We also got very detailed instructions from the Department, which we endeavored to follow. It was a totally new experience. I was in charge of coordinating the President's visit from the American side.

I think that the breakthrough in my managing the visit was when I said to myself, "What you are doing is planning for a pageant." That is precisely what it amounts to. You have to plan every detail, where every car is in the sequence of moving people around, who sits in every seat in every car, who stands where at various points during ceremonial parts of the visit, who walks this way, who walks that way. Everything is planned to the last detail. We worked out a pretty good plan, and it went off well. I remember one part of the planning that was rather interesting. A Chinese general, a friend of mine, and I had to put on a performance of what would happen when President Eisenhower arrived. I had to play the role of President Eisenhower and this Chinese general had to play the role of Chiang Kai-shek. So, we ran this thing off at the airport and it went smoothly, as did the actual event later. In this case, I didn't go to the previous stop, which was Manila, but I went by helicopter to the cruiser that was bringing Eisenhower to various stops on his tour. I was met on the deck of the cruiser by a classmate from the National War College, which was rather pleasant. I was also met by Assistant Secretary of State Jeff Parsons, who was a friend of mine. Jeff said, "I am going to take you down to the ward room. A discussion is going on. I must tell you that this is the first substantive discussion we've had with the President on this trip." So, I went down. I forget what they were discussing, but after that was over, I was asked to present the schedule of the President's visit to Taipei to him and I did so without any trouble. The whole visit went over very well, because Eisenhower was a soldier, and he could accept detailed instructions, contrasting later with Johnson, who, of course, was not a soldier, far from it.

Q: I'd like to ask a question on the visit. Was there any concern in the embassy that Chiang Kai-shek might try to get something out of Eisenhower, commitment, support, or something of that nature?

YAGER: I don't remember that concern. I think we felt that Eisenhower could take care of himself. I believe that was probably our basic point of view toward Eisenhower. We were not so sure of Johnson. In any event, there wasn't anything of that nature. The Eisenhower administration was quite firmly committed to the Chinese nationalists.

A few days after Eisenhower had left, a Chinese colonel in their equivalent of our Signal Corps came to an American colonel in MAAG who was the Signal Corps representative and said, "A very embarrassing thing has happened. I want to clarify it. We know that the Secret Service thought that we were trying to listen in on Eisenhower's conversations in his hotel room. The fact is that all of our telephones work best when they are set so that they are live when they are on the hook. The Secret Service discovered this and they adjusted the telephone so it was not live on the hook. I can show you in the warehouse

that all of our telephones are like that and that we use the adjustment of making them live on the hook just to make them perform better. I want you to know that we were not trying to listen in on President Eisenhower." Of course, this story was a futile effort to cover up. It was quite clear that the Chinese government on Taiwan had listened in on Eisenhower's conversations in his hotel room.

Q: What about the Johnson visit?

YAGER: Well, this should have been easier. We knew what to do, because a visit by a Vice President is treated in the same way as a visit by a President. It was not as easy because of Johnson's personality. In this case, as DCM, I had to go to Manila and ride back on the plane from Manila to Taipei so that I could be available to brief the Vice President on his schedule. So, I went down to Manila. The main episode there was that my wristwatch was stolen, but so be it.

I was riding in the back of the plane on the way to Taipei. This was not a very long flight - maybe an hour and a half - and I was getting nervous, because I hadn't been called forward to brief the Vice President. Finally, I was called forward. He was chewing out his speechwriter, who was sitting there quivering. I remember, Johnson's final attack on this speechwriter was, "If you don't stop giving me this crap, I'll get up there and say what I really think." A rather serious threat, I might say. So, I gave the Vice President his schedule. He read the first item: review honor guard. "That is the way we are losing the world." So, Assistant Secretary of State for Administration Bill Crockett, who was standing there, very obsequiously said, "Well, Mr. President (He was the President of the Senate.), we will call it off." I had to be the poor fellow to say, "Mr. Vice President, we can't call if off because they are already there." So, he suffered through the honor guard, but on departure, there was no honor guard.

Johnson was carrying a letter from President Kennedy to President Chiang Kai-shek. After we had landed, he gave me that letter and said, "You put this letter on 3x5 cards and give them to me before I talk to Chiang Kai-shek." So, I dutifully did that. When we went out for his interview with Chiang Kai-shek, he arrived early, to my surprise, and he said, "Where are those cards?" I had them in my side coatpocket. I gave them to him and he read them over and gave them back. Then he followed them meticulously, which is really quite important. When you're delivering a letter and you're going over the same ground orally, you don't want to deviate or the recipient will say "Why did he deviate? What is going on here? Maybe there is a little more to this than the letter says" and that kind of thing. But to Johnson's great credit, he handled it beautifully.

Johnson was a bit hard to handle. He couldn't sleep well. He was up and down all night in the hotel, waking people up. We had a duty officer there, and at one point Johnson asked the duty officer for a can of chocolate Metrical, which was in that period a diet drink. The duty officer, to his great credit, knew an embassy secretary that was on Metrical. He woke her up and got a can of chocolate Metrical for the Vice President of the United States.

Q: Did you have to get him a masseur and black out his windows? I am told it was quite a production.

YAGER: No, we didn't have to do that. There was a story in the press about whiskey in which they got things backwards. The story said that we had to ask the consulate general in Hong Kong for a bottle of Cutty Sark, a brand of scotch. It was the other way around. We had an embassy shop in Taipei that had better supplies than Hong Kong had. So, when Johnson went to Hong Kong, we had to get a bottle of Cutty Sark for him. I am sure Johnson didn't like that publicity. In that period at least, southern politicians were not supposed to drink scotch. They were supposed to drink bourbon with branch water, but Johnson liked scotch.

Q: Did Johnson pay much attention to the political aspects? Later, people said that this trip that Johnson was sent on was really almost to get him out of Kennedy's hair.

YAGER: Yes, he was very political in an amusing way. He was met by Vice President Chen Cheng and they rode in the limo together from the airport. Johnson kept stopping the car and getting out to shake hands with the crowd just as if he was trying to get votes in Taiwan. His schedule called for going to a nearby county seat to see a display about land reform. On the way there, when he would see a farmer in the field, he would stop the car, get out, and shake the farmer's hand. I can't imagine what a Taiwanese farmer would think of this. Johnson was a very big man, much larger than most people realize. To see him striding across the rice paddy, which was dry at that season, hand outstretched, wearing a red sportshirt, it must have been terrifying to the farmers, but that's just the way he was.

Q: You came back to be in charge of Chinese and other affairs.

YAGER: Chinese Affairs.

Q: That was from when to when?

YAGER: That would have been from August to December of 1961. Very shortly after I arrived, I was given a top secret document on relations between the Chinese communists and the Soviet communists. I knew that there was some evidence of a split between the two, but I had no idea how serious it was until I read that document. I was utterly convinced after reading that that the split was real. Some right-wing people, particularly in Congress, were then contending that the split was just a big act to deceive us. Of course, it was not.

I think the next memorable thing that happened to me was, I was confronted with a very long paper written by Ed Rice, who later became both a boss and a friend of mine, who was then in the Policy Planning Staff. He had written this paper under George McGhee, the director of that staff. McGhee sent it to Walter McConaughy, the assistant secretary for Far Eastern Affairs, and he wanted a reply within two days. So, McConaughy gave it to me to look over. Well, it was a paper that deviated quite a bit from current policy in

ways that I thought were not very wise. Somehow, we stopped it. It is always easier to stop things in the U.S. government than it is to get things done.

Q: How was it deviating?

YAGER: Rice wanted to try to move closer to the Chinese communists. I think that he had the idea of trying to move toward recognition, which was then not in the cards. Rice later became the senior deputy to Harriman in Far Eastern Affairs and therefore my boss. Although we often disagreed, we had a very good relationship.

Q: When you came to Chinese Affairs in the latter half of 1961, was there any thought within the bureau about recognizing China or was it just not politically doable from our side and also maybe that in China itself, there was too much turmoil?

YAGER: I don't think there was too much turmoil, but I think that we felt that they were pretty well committed to an anti-American policy. The Korean War had changed the American outlook on China. Before the Korean War, I think that the prospects for recognition of China were very high. This has just been borne out by people who studied papers of Secretary Acheson. In 1961, that just wasn't politically feasible.

My approach to China policy after I got into Far Eastern Affairs was that I didn't think that our present totally rigid policy could survive. A new, maybe democratic administration would not support it. It might get us into more trouble than we wanted. Our allies would not support it. So, I tried to promote a policy of somewhat softening the relationship. I got a little bit done in that regard. I was thinking in terms of allowing some trade and some visits. But it was hard going.

Afer I became director of Chinese Affairs, I reorganized the office. There had been an economic section and a political section, and I divided the office into a mainland section and a Taiwan section. I put John Holdridge in charge of the Taiwan section, to his chagrin, and Lindsey Grant in charge of the mainland section. Quite recently, John spoke to me with some resentment about what I had done then. I explained to him that I felt that he was a very good administrator and that all of the programmatic work was on the Taiwan side and I felt he could handle that very well. I said I felt that Lindsey was less of an administrator, but that he was rather innovative and wanted to think through new things and he would have that opportunity on the mainland side. Maybe that placated John. I don't know. In any case, Lindsey and I worked together and did our best to moderate China policy. But anything that involved China policy would be bounced by the Department to the White House and killed. The Kennedy administration was utterly terrified of being caught in a position where it appeared to be doing something pro-Chinese communist.

Q: I heard somebody say that when Eisenhower was talking to Kennedy before the takeover, he said, "Look, I'm going to support you in everything, but if you move on China, I wont." I don't know if that's true or not.

YAGER: I didn't know that at that time, but certainly, as far as the Kennedy White House was concerned, it was very cautious. There really was a political problem. Later, Nixon, the right-wing Republican, was able to make a move that no democratic president could have made.

Q: Was there a "Mr. China" over at the White House?

YAGER: No, there was a Mr. East Asia, Mike Forrestal. He was very close to Harriman.

I suppose that a few words about Harriman are in order. Harriman was a good man. He was well motivated. He was not mean. He wanted to do the right thing on every level. He wanted to be fair to people. He wanted to do good things for his country. He was quite effective. He was unusual in that he couldn't really predict what he was going to do. He said to me more than once, "I don't know how I arrive at decisions, but somehow they come out and I must say that they are usually right." I think that he was correct in that self-judgement. To a subordinate, he was sometimes a bit difficult. If he disagreed with you, you couldn't really have a discussion with him. He would say something like "No, that is wrong. You are absolutely wrong. I know about that and you are wrong." You can't get any hooks onto that kind of an argument. I developed a policy of coming back at him once. I felt twice would not be wise, so I didn't do that. I remember one very rare occasion when he actually flipped and agreed with me. He said, "Well, I was just trying to see if you were serious."

Q: What about this Chinese-Soviet split? Was this a problem to the goals dealing with China policy or not?

YAGER: I don't remember that. There probably is a public conception that the China lobby was just everywhere and was pressuring the State Department. I know there was something called the China lobby. That is, there were members of Congress who were very pro-nationalist and were quite publicly saying so, but no one ever came around to me when I was the officer in charge of Chinese Affairs, subordinated to Harriman and the Secretary. I never had any contact, any pressure, from the so-called China lobby. It was part of the political background in which I operated, but it wasn't something that was actively there that I had to cope with in a serious way.

Q: How did you find the nationalist Chinese embassy operated in Washington at this point?

YAGER: I really have no complaints about them. They have a good Foreign Service. I don't think that I had any serious problems with them. I was really quite fortunate in the countries I was dealing with. The Japanese have an absolutely first-rate foreign service. If you deal with a Japanese foreign service officer, he will be very professional, have done all of his homework, know exactly how to do business. The Chinese were almost at that level. The Koreans were not.

Q: After December of 1961, you became involved with East Asian Affairs?

YAGER: In December of 1961, there was an overnight reorganization and I had no notice of it. Part of the change was to reorganize the Bureau of Far Eastern Affairs and put China in with Japan and Korea. Luckily in terms of my career I was the one that got that triple job. It was really quite large for an office. It might have been a bureau in the overall reorganization. It was quite a challenge to manage it.

Q: You did that from December of 1961 to when?

YAGER: In the summer of 1963, there was a vacancy in the position of economic deputy assistant secretary for Far Eastern Affairs. I wanted that job, but it was given to Bob Barnett, who was a capable man, but somewhat odd. He had been a victim of McCarthyism and had been pushed out of East Asian Affairs because of some of his personal connections. The Kennedy administration wanted to remedy some of these injustices and because of that, Barnett got the job and I did not. I didn't feel any resentment about that, although I certainly did not want to work under Barnett.

I got a telephone call after the Barnett appointment from Henry Owen, who was then the deputy to Walt Rostow in Policy Planning. Henry said, "I know that you won't like working for Bob Barnett and I wonder if you'd like to switch to Policy Planning." I said, "Let me think about it." I thought about it and I talked to friends. Lindsey Grant said, "Take that job. You've proved you can do this one, so take another one." So, I did. It was my choice. I wasn't pushed out by anybody, but I switched over to Policy Planning.

Q: Let's go back now to this period of 1961-1963 of dealing with China, Japan, and Korea. Were there any particular developments during this time with Chinese affairs on Taiwan?

How about military activity on the Straits of Formosa? At one time, the nationalists were shooting the communists out of the air.

YAGER: I don't think there was that kind of trouble. There had been a crisis when I was in Taiwan. I think I mentioned that in our previous session. That was when the communists bombarded Quemoy and Matsu.

Q: What about internally within mainland China? What was the situation at that time?

YAGER: I think that the Great Leap Forward had failed and there was a famine. We, of course, watched this with great interest. I don't know whether Mao's Cultural Revolution affected us much.

Q: Turning to the Koreans, were we getting much about of North Korea, what was going on?

YAGER: No, that was a very hard intelligence problem. We were not getting very much on North Korea. We were constantly concerned that the war would break out again. I

don’t think we worried too much about the South Koreans starting it again. They were prosperous, and the last thing they wanted was to go through a war. I don’t think there was public support for a renewed war in South Korea. So, if a war was going to occur, it would be from the North. We had trouble with South Korea on the aid program. Koreans are not too easy to deal with. They can be quite emotional. Of the three nationalities that I was dealing with, the Koreans were probably the most difficult, even though I like them and respect them. They are highly competent and are what you might call overachievers - they are always trying harder and harder - and I respect that, but that makes them rather hard to live with. We were trying to improve Korean-Japanese relations. I can't recall whether we actually got renewal of diplomatic relations when I was in that job or not. Certainly, that was one thing we were trying for.

Q: It was in somewhat this period (Maybe it had happened before you came on board.) - had Park Chung Hee taken over from the rather inept presidency?

YAGER: Yes, that in fact had happened. It happened while I was still in Taiwan. I had to go to Sun Moon Lake to deliver some information to Chiang Kai-shek about Korea. He invited me to dinner, just the two of us and an interpreter. He unloaded on me his view of Park Chung Hee. He thought Park Chung Hee was a communist.

Q: I think he had been at one time.

YAGER: Yes, he had been.

Q: Chiang Kai-shek had essentially been one, too.

YAGER: Well, he did collaborate with the communists at one time. He warned us about Park. He said, "Be very careful of this man. He is a communist." Of course, I transmitted that back to Washington.

Dinner with Chiang Kai-shek was not a feast. He was a very austere man. He didn't eat very much himself. He didn't smoke. He didn't drink. He kept himself in very good physical condition. Having dinner with him was a pretty light snack, but he was a good conversationalist.

Q: When you were dealing with South Korea from your position in the Department, was there a growing confidence that Park Chung Hee may be a good thing?
YAGER: No, we just felt we had to accept him. When I took over this larger responsibility, I had some background in China. I had been in Japan and I felt I knew something about Japan, although I had a lot more to learn. But I really didn't know anything about Korea. So, I spent a couple of weeks in Korea. I went to every South Korean province. This was after the military coup. Every province was governed by a brigadier general. In one case- (end of tape)

I was talking about the briefings by all the brigadier generals who were governors of South Korean provinces in early 1962. The briefings were so American. That is, there

would be a huge progress chart on the wall that would be pointed to from time to time and the briefer would have flip charts on a stand. There would be a junior officer turning the flip charts and an officer (maybe even with the rank of colonel) would be doing the briefing. Then the governor would be in the front row and he would intervene when he felt that he should. Absolutely the format of the U.S. Army. On one occasion, a governor told to me what he owed to the U.S. Army. At one point, he said, "Before I went to Benning, I didn't know how things could be done." In other words, all that he knew about administration he had learned in a course at Fort Benning on U.S. army administration. I must say, that is better than no knowledge of administration at all.

Q: Under Park Chung Hee, Korea went from being considered a basket case by us as far as aid goes to being an economic miracle or becoming strong. Was there the feeling that things were moving there?

YAGER: I can't say that I have explicit memories of that, but I know that that is what happened. It really was a very bad case and the Koreans deserve tremendous credit for pulling out of that. I think our aid program deserves some credit, too.

Q: Oh, yes. It's often pointed to as being the best example. Of course, it took our aid program and the Koreans together to do it. Were there concerns about Korea at the time? Were we worried, saying, "We've got to get this country back into a more democratic mode?"

YAGER: We wanted to do that. I'll come back to that.

On the aid programs, I think from my perspective, the most successful case was Taiwan. I put Korea in the next place. I think that the reason the Taiwan case was the most successful was that the quality of both the Chinese and American personnel in charge of the economic program in Taiwan was superb. During most of the key period, we had an excellent director of the aid program, Wesley Haraldson. Wes and I were good friends. We had been classmates at the National War College. He was a Foreign Service officer, which is unusual among AID directors, so he didn't resent working with the embassy. We had a system of periodic meetings with Chinese economic officials where we would nudge them along or collaborate with them on how to present things so that they would go over with Chiang Kai-shek.

On Korea, I am less informed. I think that the quality of the Koreans in charge of economic policy was good, but I don't believe it was as good as on Taiwan. They got into a situation where they had huge conglomerates which the government supported, and those were the main engines of economic progress.

Q: Chobals was one of them.

YAGER: Yes.

Q: Did putting those together bother us at the time?

YAGER: Not as much as it should have.

You mentioned wanting more democracy. We certainly did. I am not sure whether this was during the period when I was in FE or the period that I was in S/P, but Sam Berger was a very effective ambassador. He was particularly interested in the democracy issue. He pushed the government pretty hard. At one point, he became concerned about the security of his wife and himself. He moved out of the embassy residence into a house in the compound of the UN military command for greater security. That shows the kind of tension that arose from his pushing the government for more democratic behavior.

Q: Talking again about the 1961-1963 period, Japan... It was a completely different set of circumstances. Communism was very much a problem both in Korea and China. When you got to Japan, it was just a different world, wasn't it?

YAGER: The conservatives had come to dominate Japanese politics. They did so quite successfully during this period. The Japanese economy was starting to hum along. I can't remember any serious difficulties that we had with the Japanese in this period. Of course, at some point, the Okinawa issue started heating up. I think that actually came a little later. We had treated Okinawa as a special area. When the occupation of Japan ended in 1953, Okinawa was still occupied and that continued for many years. There was quite a bit of uneasiness in the U.S. government about our position in Okinawa, but I don't think that it got on the front burner during the period that you are talking about. I can't remember any serious issues with Japan in 1961-1963. The most important - and burdensome - work that I did on Japan was coordinating a cabinet-level U.S.-Japan economic conference.

Q: You had already mentioned the inability of Eisenhower to make a state visit to Japan in 1960. Was there any concern at that time that these forces (student movements, etc.) might take over or was the feeling that the Japanese had pretty well gotten control of the situation by this time?

YAGER: I think the latter is true. The government was pretty effective in dealing with the problem of riots. They had riot police that looked like the Japanese army, except the uniform was grey rather than tan. When there was any possible threat of a violent demonstration, there were often more police there than there were demonstrators. The riot police were extemely effective. They had shields over their faces in addition to helmets. They carried long poles that they could use to push demonstrators around or whack them over the head. If you ever asked yourself what happened to the imperial army, there it was.

Q: With Harriman, what was his occupation? Was Vietnam or Indochina taking up his time?

YAGER: He was very deeply into Laos. I think that probably Southeast Asia was his main concern, although he was interested in China and Japan, too. His way of operating

was somewhat disturbing. He traveled a lot. He would call up Ed Rice to find out what was going on, and he would require Rice to read telegrams to him over the telephone even though they were secret. They had these discussions over ordinary telephone lines. Rice was just worried to death about this. Nothing ever happened because of it, but that was just Harriman's style. He was capable of what I would call massive security violations.

Q: Did you have the feeling that Harriman who was a very solid presidential candidate at one point, having been ambassador to the Soviet Union should have had a better job. He really had every connection you can think of and many people felt he should have been Secretary of State-

YAGER: Including Harriman.

Q: Yes. And governor of New York. Did you have a feeling that if you had a problem, you had a man with clout who could go out and do something that the normal assistant secretary couldn't do?

YAGER: Yes, absolutely. That was true. I think it was greatly to his credit that he accepted a job as assistant secretary. He remained quite close to President Kennedy. I was once in his office and the Secretary buzzed him on a telephone call and he said, "If you don't mind, I'd like to take this call privately." As I left the room, I heard him say, "Hello, Jack." So, he did have that. He once told me that the best job he ever had was governor of New York. He was really quite disappointed when he didn't get reelected to that job. He liked to be called "Governor" and everybody called him "Governor." I can't remember the exact timing, but there was another reorganization. I think that the White House wanted to get rid of Chester Bowles and sent him back to India, as "The Post" put it, "back to where they really like him." Harriman was elevated to Under Secretary for Political Affairs, which absolutely delighted him. He felt he was on the way up again.

Q: How about Dean Rusk at this time? His real interest was Asia and not Europe or anything else. Did you find that the Secretary was playing much of a role in what you were doing?

YAGER: It's hard to say. You're sitting down at the office level. You push something through your immediate boss and it goes up to the Secretariat. Often, if it was something important on Asia, it might bounce directly to the White House. You might hear "yes" or "no" and you would not know what the Secretary's role had been in it. Somewhat later, I felt that Rusk was not sufficiently aggressive in asserting the position of the State Department in dealing with the Defense Department, that McNamara got away with things. I had no contact with Rusk when I was office director. I did have some contact later when I became the deputy chairman of the Policy Planning Council. We haven't come to that yet.

Q: Did you get involved in anything during this time as far as dealing with Congress?

YAGER: Not much. I was a secondary witness a couple of times at hearings. I remember one congressman, Passman, someone for whom I had very little respect for (from Louisiana). He conducted these hearings in a very highhanded way. My role was quite unimportant.

Q: Did rice play any role? You mentioned Passman of Louisiana, Louisiana being a major rice producing place. Later, there were scandals with Korea and all that. Did the selling of rice cause you any problems?

YAGER: Not that I can remember. I remember that Passman regarded himself as sort of the manager of the economic aid program. He was very assertive on what he wanted to do. He was one of the congressmen who in his travels got special treatment, as you mentioned earlier.

Q: Okay. Let's move to Policy Planning then. You were in Policy Planning from 1963 until when?

YAGER: 1963-1968.

Q: When you arrived in 1963, how would you describe the role of Policy Planning? It's gone through a number of changes or uses, depending on the administration. Sometimes it's used as more of a speechwriting outfit or this or that. How was it when you arrived in 1963?

YAGER: Walt Rostow was in charge. He was well connected in the White House with McGeorge Bundy. I came to realize that he wasn't really too high in the favor of Dean Rusk. But he was an influential man. He was good to work for. He would back you up completely if he felt you were right or if he had made a commitment to you. As one of my colleagues in Policy Planning put it, "There is absolutely no venom in Walt Rostow." He wrote extremely rapidly. He could write almost as fast as you could read. He was unusually intelligent man. There was superficiality in his approach to some subjects. On the other hand, he sometimes had really useful insights.

Policy Planning was mostly doing important things. When I came there, he gave me an assignment that I later regarded as somewhat unwelcome. He had created the concept of national policy papers which would be done under the auspices of the Policy Planning Council and would be approved by the Secretary of State and would be viewed as policy. They wouldn’t be just the ruminations of somebody in Policy Planning. He said that he wanted me to run this program. I don't mind running things. In fact, I rather like to run things. But this proved to be quite a difficult thing to run, even though he backed me up. I had one strange difficulty with the Defense Department. There was a bureaucratic level problem. They didn't like me to write to the Assistant Secretary of State for Security Policy. They thought that letters should come from Rostow. I discussed this problem with him and we kind of finessed it. I signed my letters "For the Chairman of the Policy Planning Council, Joseph A. Yager, Coordinator of National Policy Papers." The Defense Department reluctantly accepted that.

Q: I can see where national policy is pretty big stuff. This would involve the White House, the Department of State, and the Defense Department, and often the Treasury. Coming out of one branch of the State Department I would think would make it very difficult to get all these people on board.

YAGER: Well, I did it. Whether the papers had much influence is another question.

Q: In the 1963-1968 period, what sort of things were you doing?

YAGER: We had various national policy papers. I don't think that is of any tremendous interest. In addition to managing those, I was somewhat involved in Vietnam at the beginning. I was on a working group that was doing a policy paper, but I wasn't in charge of it. I also worked on military and economic assistance and on contingency planning.

Later on, after Rostow had left for the White House (He moved over to replace McGeorge Bundy.), Henry Owen was promoted to be director of the Policy Planning Council and Henry made me his deputy. We discussed Vietnam off and on.

Henry and I decided that there was no strategy to come out of this war better off than when we went into it. In other words, we were just improvising as we went along. So, we got the idea that we would study alternative approaches to the war. Secretary Rusk approved this study and I was put in charge of it. So, I got deeply into Vietnam. I formed a working group of representatives from International Security Affairs, the Joint Staff, and CIA. We discussed our problem and intensively worked on various alternatives. It became quite clear fairly early on that ISA (in the Pentagon) really had no interest in this project, but was staying in the picture just to follow what was going on. The Joint Staff and CIA were in it sincerely. So, when we came to the point where we wanted to go to Vietnam, we ran into a little difficulty. MacNamara didn't want us to go. Rostow made a deal with McNamara's deputy, whose name now escapes me, that we would go, but that we would not look into the issue of the bombing of North Vietnam. McNamara was afraid that our mission would give the proponents of renewed heavy bombing an occasion to pressure him. He didn't want that to happen. ISA even refused to go on the trip. So, I went with the CIA man, George Carver and a brigadier general. We spent several weeks in Vietnam going all over the place talking to all kinds of people, including General Westmoreland himself several times.

We tried to keep away from the subject of bombing North Vietnam, but the CINCPAC, Admiral Sharp, was not easily silenced. He opened his meeting with us by saying, "I understand that you gentlemen do not want to discuss the bombing of North Vietnam (I had tipped off his political advisor). Let me give you my review on that subject. (He did at some length) We can then discuss any subjects that interest you.

In the end, we came out with a still classified report that I'm afraid really didn't add too much to the discussion of the Vietnam issue. In any case, nothing ever came of it. It was in the "nice try" category.

Q: What were your feelings about this? You were doing this during the major commitment of American forces to Vietnam.

YAGER: This was in 1967.

Q: So, this had already happened when you were looking at this. Was there the feeling that there was a solution to the problem?

YAGER: Well, there were some grounds for optimism. The country was largely pacified. You could travel on the North-South Road in daylight anytime you wanted to with pretty good security. The problem was that if we pulled out, everything would fall apart. That was generally recognized, too. Westmoreland, who rated very high in the Army hierarchy, really didn't have what I would call a strategy. His strategy was essentially attrition, that he was going to make it too expensive for the enemy to continue. Obviously, he didn't realize how intent the enemy was in continuing. They could take a lot and still keep going. So, if they wouldn't give up, then how could we get out? He just didn't have any way to do that. I think he was a good officer and a good man, but he didn't really have it thought through to a satisfactory conclusion. Maybe he wasn't cranking U.S. politics into his estimate of prospects in the war.

Q: How about relations during this time when you were in Policy Planning on China? Any change there?

YAGER: No. There was an opportunity for change, I guess, but it didn't happen. Another thing that I ran in Policy Planning was a big study called the Long-term China Study. This was somewhat earlier than the Vietnam study. In that period, there was something called the Special State-Defense Study Group. This was housed in the Joint Staff Area in the Pentagon and it was reconstituted about every year. State and Defense would agree on what major problem would be studied by this group and then they would figure out who was going to run the study. One year, they decided to study China policy by studying the whole area surrounding China as well as China itself, everything from South Asia (India, Pakistan) around to Japan, Korea, and then China itself.

I was put in charge of this study. Unfortunately, the Defense Department was not able to staff this study very well. The co-director was a brigadier general in the Air Force, recently promoted, who had never had what was called by the Pentagon a joint assignment, an assignment working on an interagency problem. It was understood when he was promoted that his next assignment would be working on a joint study. This man, Steve Henry, was an excellent Air Force officer, but he had absolutely no background in foreign affairs, not to mention Asia. I decided to treat him politely, but not give him much of a role in the study. He just wasn't qualified. I later learned that he was very unhappy about this. I thought he might have been. I'm sorry about that, but I didn't have any alternative. The other Defense Department people were only moderately useful. I got two good people from CIA. I had several good people from the State Department. So, we came out with a quite creditable study.

This study was under the supervision of a committee chaired by Secretary of Defense MacNamara. His deputy was also usually present at meetings. On the State Department side, the committee member was the deputy under secretary for Security Affairs. At first, this was Llewellyn Thompson. Later, it was U. Alexis Johnson. They were both very capable. When I took on this job, Rostow agreed that I would not report to anybody other than the senior State Department person on the committee managing the study. This caused a little bit of trouble. Steve Henry reported to the J-5, Lieutenant General Spivey, who tried to take me under his wing. I resisted, and Rostow backed me up. Doing this study was quite a chore. I worked seven days a week. The study also included a long trip. Steve Henry and I traveled together and got along very well. Our first stop was Karachi. Then it was to New Delhi, Bangkok, Saigon, Manila, Taipei, Tokyo, and Seoul, getting comments on our draft.

MacNamara was not too easy to deal with. At the beginning, he asked me for a schedule. I said, "Well, I think it will take about a year." He said, "A year? I could write this thing myself in three months." We settled by having a first draft within four months. This actually worked out very well. We had something that we could solicit comments on. I think that improved the paper substantially.

Q: Well, later in a book McNamara wrote, he sort of apologized for his role in Vietnam. He was saying that the State Department didn't have any real China experts because they had all been taken care of by McCarthy or something.

YAGER: I was one of the China experts, so I felt he was quite wrong. He said there were no experts on Southeast Asia, which again was quite wrong. It's just that he probably didn't use them.

Q: What was the conclusion on the paper about whither China policy?

YAGER: I think that we were for softening U.S. policy but not changing it fundamentally. We dealt with the problem of the admission of China to the UN and felt that this might be hard to prevent, but that China would behave very badly if it got into the UN. That proved not to be so. They did not behave too badly.

Q: When you're talking about the UN, were you thinking mainly in terms of that we may end up with essentially a two China policy, that the Taiwan government would stay in but China would also come in? Was that kind of the thinking?

YAGER: That was my thinking at some point. Whether that was in this paper, I can't remember. I know that at some point I decided that the best that we could do would be just what you said, to have them both in there. I also recognized that nationalist China could not expect to hold onto a Security Council seat. I think that we misled Chiang Kai-shek by telling him that he could retain the Security Council seat, if he would accept a dual representation policy. There really was no way that that could have happened.

Q: Were you with Policy Planning looking at any other parts of the world?

YAGER: Oh, yes. We had people who were specialists on any region that you can imagine. We did serious work on them. We also did some functional work. I did a study on military assistance.

Q: Was there a concern over military assistance, particularly in the Middle East, of it being a destabilizing force?

YAGER: I don't remember that explicitly, but I think that given the kinds of things we did, there probably was.

Q: In military assistance, was there very much the feeling of trying to keep sophisticated weapons out of Latin America?

YAGER: Yes. I think that was a good policy and I wish that it would have been continued.

Q: Did Africa play any role in what we were looking at in those days?

YAGER: No, I'm afraid not very much. I'm afraid it was just not seen as very important.

Q: How about the Soviet Union? Was it considered to be a stable sort of defensive power or were we worried about it being aggressive?

YAGER: We felt that it had to be deterred and that it was in fact deterred from military aggression, but we were concerned about Soviet support for pro-Soviet revolutionary movements around the world. Africa did come into this picture.

Q: Was Rostow there the entire time you were there?

YAGER: No. He left. It must have been in 1966. He moved over to the White House. Henry Owen stepped up to be the director of the Policy Planning Council and Henry got me to be his deputy, so I stepped up also.

Q: Henry Owen is a name that comes up quite often. How did he operate? What was his background?

YAGER: He graduated from Harvard. He had an unusual family background. His father was first generation Norwegian and the family name was really "Oien," a Norwegian name, rather than the Welsh Owen. His mother was Jewish, and she was very much in evidence. She lived next door to Henry and his wife and was an overpowering influence in their lives. Henry was a very smart man. He was full of ideas, not all of them good. He needed someone around him to bat down his bad ideas. In pursuing a good idea, he could write it up quite well, but he tended to get stuck in constant revisions. Again, he needed somebody to tell him to quit revising. He once told me, "I have no terminal facility. You

are my terminal facility." So, we got on very well, even though our backgrounds are quite different. He treasured his Harvard background greatly and he really wanted to have somebody from Harvard around him, but I don't think he ever did. He had to put up with lower class people like me from Michigan.

Q: Did you find yourself butting heads with the European and East Asian bureaus?

YAGER: Yes, to some extent. They sometimes disagreed with national policy papers. I remember at one stage I was in charge of contingency planning. I got quite good support on that from the East Asian Bureau, which of course was my own tribe in the Foreign Service.

In the European Bureau, I talked to a senior staffer in the front office. He said, "Contingency planning? I plan every day of the week," which really meant he didn't plan at all. He thought that answering his telegrams was contingency planning. So, we did occasionally run into difficulties with some bureaus, but it wasn't a situation of constant hostility.

Our main concern was, are we really making a difference? This was very difficult to prove. If somebody, as occasionally happened, asked us, "Give me an example of where policy planning has made some difference," there really weren't very many cases. My feeling was that what we were doing was polluting the streams of knowledge (Of course, it was good pollution.) We were having people read these papers and that might through their subconscious influence the way that they thought about problems. We hoped that that might be happening. Then there was another lower level phenomenon that did happen. Lieutenant Colonel So and So in the Joint Staff gets an order, "The chairman has to give a speech at the University of This or That in a couple of weeks on this subject. Prepare a draft." He says to himself, "What am I going to do?" He goes to his files and finds a paper by the Policy Planning Council on this subject and just cribs most of it with a speech that comes pretty close to our policy. It might even get into a speech by the President that way.

Q: In a way, in Policy Planning, as we all know, in a bureaucracy, if you can set the agenda, you are sort of controlling things. Since everybody is pretty much working on the day to day affairs, responding to the telegrams that arrive on their desk, somebody who is looking ahead and thinking ahead is in a way, that is within the bureaucracy setting the agenda as far as how one looks at things. It has this almost subliminal influence.

YAGER: You put it very well. We hoped that that was happening. But it was very difficult to document.

Q: You were there in 1968. You left when in 1968?

YAGER: June.

Q: So, you were there when the Tet Offensive happened in Vietnam. Did this affect you at

all?

YAGER: Yes, it did. I felt that it was a military disaster for the communists, but somehow, the way it was publicized, it looked like a sign that we really had not gotten very far, since the communists were able to mount this kind of an offensive. So, what was the meaning of all these body counts that Westmoreland was putting out? I am afraid that my interpretation was not the politically correct one in terms of effect on American politics. I think it was a military disaster for the enemy.

Q: You left then in 1968. What did you do?
YAGER: I went to the Institute for Defense Analyses.

Q: For how long were you doing that?

YAGER: Four years.

Q: 1968-1972. Who ran the Institute for Defense Analyses?

YAGER: General Maxwell Taylor at the beginning.

Q: This was a government agency?

YAGER: No, it's like Rand.

Q: After 1972 what?

YAGER: Then I went to Brookings.

Q: This might be a good place to stop. I'd like to talk about the influence of these think tanks, what people were doing during this period. Also, we want to pick up a bit about... You were going to think over about China during the 1961-1963 period and thereafter during that time. Then we'll come back to when you left the government and we'll talk about what you were doing both at the Institute for Defense Analyses and also at Brookings.

***

Today is January 21, 2000. Joe, we're going to go back a little bit from 1961-1963. You said you had some things that we didn't cover concerning China. Where were you and what should we talk about?

YAGER: In this period, I was briefly the director of the Office of China Affairs. That was from about August to December of 1961. Then there was a reorganization of the Bureau of Far Eastern Affairs that combined the Chinese Affairs with Northeast Asian Affairs, Northeast Asia being Japan and Korea. I was made director of the new combined office. I stayed in that job until sometime in the summer of 1968 when I went to the Policy

Planning Council.

Q: You were saying there were some issues that you wanted to talk about.

YAGER: I may be reviewing a few highlights of the countries that I was dealing with. On China (We always called it Communist China then.), I think I mentioned earlier that when I came into this job, having been four years on Taiwan, I was not in full touch with U.S. policy toward the mainland, but I had a general idea. I felt that the policy was very hardline, which I really sympathized with, but I felt that it was so hardline that it was rather brittle politically and that the policy needed to be softened if it was going to survive. So, I was what you might call a limited reformer. I wanted to reform, but in order to preserve what we already were doing. So, with the very able collaboration of Lindsey Grant, whom I had put in charge of the desk on mainland China affairs, we worked up several recommendations on softening policy. We tried to open up limited trade in medicine and food and we wanted to reduce restriction of Chinese waters by U.S. Navy ships. I think that was just about the size of it. My immediate supervisors in the State Department were at least somewhat timidly supportive of my efforts. My real difficulty was with the Kennedy White House. Incidentally, I should state that I voted for Kennedy and that am a Democrat. But the Kennedy White House was extremely worried about giving the impression that it was changing its China policy. So, what we were doing was seen as rocking the boat. Our recommendations for policy changes would move up through the bureau office into the State Department Secretariat. Some recommendations would then go to the Secretary and be approved or disapproved. But I don't know whether our recommendations went to Dean Rusk or not. In any case, they went to the White House. It was very difficult, in some cases impossible, to determine what happened to them. I got a feeling our recommendations would go upward and disappear into some kind of a fog. I don't believe that any of them were approved during my tenure. Of course, they were approved later.

This timidity of the Kennedy administration was based upon its reading of the political situation, but I'd like to note that the Johnson administration eventually came to the opposite kind of concern. When I was in charge of the State-Defense study on China policy. I got a telephone call from Bill Moyers, who was Johnson's right-hand man for many things. Moyers wanted to know what I was doing. It wasn't that he was against it. He really wanted to be sure that he had it very straight. He said, "I propose to leak a story about your project to Evans and Novak. We want to show the world that we are not inflexible on China policy and that we are, in fact, reexamining it." This made my project a bit more glorious than was originally intended, but it showed the contrast between two administrations, which can be explained solely by the change in perceived public opinion.

Q: You were saying you couldn't quite figure out who was doing it, but did you have a feeling there was any person or persons who were particularly concerned about China policy in the White House or was it mainly people who were concerned about votes in Congress?

YAGER: I think that Mac Bundy was personally concerned. He was the assistant to the

President for national security policy. I know that he got involved in what looks like a rather trivial policy, but the White House was very concerned that the government on Taiwan not be expelled from the United Nations and replaced by the communist regime. It felt that that would be very bad politically. The trivial issue was whether the Mongolian People's Republic, which I think of as Outer Mongolia, should be admitted to the United Nations. The government on Taiwan was threatening to veto its application. The Kennedy White House was very afraid that that would undermine the position of nationalist China in the United Nations, so they desperately tried to head off the veto. Mac Bundy even went over to the Chinese embassy and talked to the Chinese ambassador, George Yeh, to try to get him to recommend against doing it. Well, Yeh was a very high-grade individual, very smart, capable, but he probably said some things in his communications with his headquarters on this issue that upset Chiang Kai-shek. So, before the issue was decided, he called up Walter McConaughy, who was Assistant Secretary for Far East Affairs. I happened to be there. Walter put me on another phone, so I listened to it all. George explained how he had been recalled temporarily. He said, "I'll be gone only a few days and everything will be alight." Well, he never did come back. In fact, he was not allowed to leave Taiwan for years. It was all because of the Outer Mongolia issue. I think that the Chinese nationalists did, in fact, veto its application, though my memory is strangely not clear on this. It's a good illustration of how concerned the Kennedy administration was about any change in the China policy or indeed any change in the situation with respect to China.

Q: Was Bobby Kennedy's hand discernible there?

YAGER: Not to me. Bundy's hand was and the staffer in the Security Council who handled the Far East was Mike Forrestal, who was a very interesting young fellow, a bit arrogant, but smart. He had been partly raised by Averill Harriman.

Q: Was there ever sitting down with the White House people during this time of having the equivalent to a bull session, sitting around saying, "What do you do with China?"

YAGER: No. That took place at my level talking to my own staff. I didn't have much of that kind of a discussion with either McConaughy or Harriman and certainly not with anybody above them. My contacts with Forrestal were usually his calling me and asking me a factual question or asking me, "What's happened to such and such" and I would tell him. But no real discussions of policy. I only would hear what Mac Bundy was doing. I gradually learned the general outlook which I described of an administration that was afraid of China policy and did not want it changed at all.

Q: Somebody once told me that they had heard that departing President Eisenhower told President Kennedy, "I am going to give you very strong support in foreign policy, but if you try to mess around with the China policy as it is, I will get you on that." It does appear that China got so caught up in American politics that it wasn't considered on its merits; it was considered by how it would play in Congress.

YAGER: I think that is close to true. I think that those considerations were dominant. I

can’t believe that anyone as smart as Mac Bundy - I came to know him better after I was in Policy Planning - was so unsophisticated that he didn’t think of the merits of the policy as well as the politics of it. I think that the Kennedy and the Johnson administrations did for good reasons think that Communist China was hostile, but how they handled policy was based on their perceptions of public opinion and of how various political individuals might act. I think the warning Eisenhower made was just part of that picture.

Q: On the other side of the medal, China, was there any feeling that Communist China would be receptive to anything we did? It was a pretty difficult time. It doesn't seem like there would be much optimism that you might get a positive response from them at this particular point?

YAGER: It wasn’t just flat out that way. At the Bandung Conference, Zhou En-lai had indicated that he was interested in peace with the United States. Then there were talks in Warsaw with the Chinese communists that started, I believe, in 1960. I was the guardian of the record of those talks, which were very dull for the most part. I was supposed to limit severely the dissemination of this material. I perceived that the material was not sensitive in the usual security sense, but it was sensitive politically. The administration was afraid that if anything about these talks came out, then the media would start trying to analyze them and critique them, and it would become an unnecessary mess. Every little thing that was mentioned in these talks would somehow rattle things. If our representative was asked a certain question, it would be viewed as very meaningful. So, I really put the clamp on that.

I was only an office director. I got a call from Assistant Secretary John Leddy, who was in charge of Economic Affairs. He asked me for access to the record of these talks. I said, "Mr. Leddy, I don’t think that you have a need to have this material and I'm not authorized to give it to anyone who doesn't have a need to have it." He said, "What do you mean, I don’t have a need? I am the assistant secretary for Economic Affairs. Isn't there anything in these talks on economics?" I said, "I am not at liberty to tell you what is in these talks." He was very angry, and he might have even gone to the Secretary about it, but I never heard anything further. Nobody came to me and said, "Give Mr. Leddy access."

The talks were pretty boring, but almost did something good. I am sorry that it didn't happen. After the Chinese and the Indians got into their border war (1962), the Chinese were just knocking the Indians to pieces. They were so superior in their tactics and training that the Indians couldn’t cope. Well, we were somewhat concerned over how far the Chinese would go, would just occupy all the disputed territory, or would they go farther into India? Earlier (and not in the context of India at all), the Chinese at Warsaw had said, "We feel that you are threatening us and you are preparing to attack us." Our reply, which was given at the next meeting was that "The United States has no intention of attacking China under presently prevailing circumstances in Asia." So, I got my boss, Harriman, to agree to have our representative at Warsaw say, "Your behavior in your war against India is threatening to change presently prevailing circumstances in Asia" to echo that language exactly. My feeling was that that would really have shaken the Chinese.

However, before we could get the message out, a truce was agreed on and that great diplomatic coup never took place.

Now about Japan. We have already talked about Kennedy's ruling on whether or not we should approach the foreign minister about the language that the Japanese were starting to use about the introduction of nuclear weapons to Japan. The Japanese officials started talking about this question using different language and undermining the rather esoteric use of "introduce." We got pretty worried about this. Were they doing this deliberately? Should we raise it? If we raise it, could we maybe get into more trouble if they say "Yes indeed, we are changing out policy and we don't want you to have ships come into port carrying nuclear weapons?" President Kennedy decided that the thing to do was take our chances to instruct Ambassador Reischauer to talk to the foreign minister alone. He didn't realize that although Reischauer spoke excellent Japanese, he would not transact business with the Japanese without an interpreter. In any case, he raised the issue at a private lunch or breakfast, and the foreign minister was very cooperative. The Japanese changed the way they talked about the introduction of nuclear weapons, and the whole problem disappeared.

New subject, but still Japan. I think the biggest effort that I undertook on Japan was coordinating a cabinet-level meeting on economic affairs which was held in the State Department in one of the conference rooms. That took a lot of work. Luckily, I had a very good counterpart in the Japanese embassy, a political officer named Kato. We worked over the plans for the meeting and also the social schedule of a visiting Japanese delegation with no trouble at all. Well, when the Japanese delegation got to San Francisco, they had a long distance telephone conversation with people in their embassy in Washington. They came to one item on the social agenda: lunch with Assistant Secretary Harriman. The head of the delegation, who was later ambassador to the United States, said, "Well, this is just intolerable. Japanese ministers are to have lunch with an assistant secretary?" Kato was very embarrassed and he came over and told me that there was this serious problem. I had to decide what to do. I knew that if I went to Harriman about it, he would explode. I decided to try to play it out on my own. So, I told Kato, "You tell Mr. So and So that there will be nobody at that lunch more distinguished than Governor Harriman and that it is, in fact, an honor to be invited to lunch at Mr. Harriman's residence." The lunch went off just fine. I think what I said was correct, even though it probably didn't pass muster to the Japanese political officer.

I think that this reaction did reveal a real problem. Because we had been the occupying power, we had gotten into the habit of treating the Japanese as if they were our inferiors, who were somehow under our control. We were rather careless about things like this. Perhaps if we had explained it a little better at the outset, it wouldn't have happened. I think that they had become rather sensitive to this superiority behavior toward them.

Now on Korea. In Korea, it is a question of the national difference of these three Asian nationalities, the Chinese, the Japanese, and the Koreans. I liked them all. The Koreans were the toughest, most difficult, most ornery of the three. If you had a disagreement with them, you really knew it. They just were all over you. I had some very bitter arguments

with Koreans over the level of U.S. economic assistance, which they wanted raised. Now, the Chinese had never done it that way. They had pushed it about as hard, but there had been a lot more finesse to it. Finesse is a characteristic that the Koreans had never heard of, but the Chinese have a lot of it. The Koreans and the Chinese shared one attribute that was good for Americans: you can joke with most of them and not be worried about misunderstandings. I think you have to be a little bit careful with the Koreans, but not much. The Chinese have such an impregnable sense of superiority that it's almost impossible to insult them. The Japanese are quite different. They are defensive, suspicious, afraid you are going to pull something on them. You never try to tell a joke to a Japanese. A Japanese will figure some hidden meaning in it that you never intended.

Q: I served in Korea. One of the problems in dealing with the Koreans on negotiation, which was true in government and in businesses, is that the person who is negotiating is more or less told, "You either get such and such or you are in big trouble." In other words, there was a personal responsibility there. Of course, usually, somebody at the top says, "Go get the moon" and the person who is negotiating is not going to get the moon, but at the same time, he is going to be responsible for not having gotten the moon.

YAGER: The Americans negotiating with them are vulnerable and maybe inflate what they give Koreans. I think you're right, Stu.

One of the most difficult problems I had during this period with Korea was with North Korea. Two American helicopter pilots (They were both in the same helicopter.) got lost near the DMZ at its western end. There had been heavy rain and there was a flood, so their maps told them nothing about where they were. They got lost and they landed, I think, on a sand bar. They were in North Korea and the North Koreans grabbed them. So, the problem was how to get them back. Well, it's interesting that this case never got much publicity, never worried the White House, never worried my immediate superiors in the State Department much. I got the problem all to myself. About the only leverage I could figure out was to frustrate the North Koreans in some way. I couldn't do anything in the field of finance, because the North Koreans didn't have any money, and they weren't moving money around the world. I got the thought of trying to block the movement of their officials, to make it impossible or difficult for them to move around the world. I tried that with the countries that might be involved. I couldn't go to the Russians. Our relations weren't that good. The Japanese were cooperative, but it was quite unlikely that the North Koreans would go to Japan at that time. I did get cooperation from the British. They didn't announce anything, but they did keep the North Koreans from going out through Hong Kong. I don't think that this was much pressure. I don't know what their reasoning was, but after exactly one year, the North Koreans let the helicopter pilots loose. This was a small scale replica of the big problem of the Pueblo, a U.S. spy ship, in 1968, which we may come to later. I was involved in that.

Q: Speaking of Korea, you had left before the Park Chung Hee coup? McConaughy was assistant secretary at that time.

YAGER: Yes. You may recall that I was still in Taiwan as DCM when that took place.

Perhaps I should go over this again in somewhat greater detail. The ambassador got an instruction, but he was away and I had to carry it out. I had to go see Chiang Kai-shek and explain to him what our policy was toward Park Chung Hee, the fact that we were accepting him, that we wanted to push toward early elections. Chiang Kai-shek was not in the Taipei area. He was at Sun Moon Lake, where he had a rather modest building that he would go to occasionally. It was a very pleasant place, a nice change of scene. The climate up there is quite pleasant. I went up there. I got there and I asked to see him. The answer I got was, "Come and eat dinner with me." So, here I was, not a very senior official, having dinner alone with the historic leader, Chiang Kai-shek. I knew him pretty well from having taken visitors up to see him at his main residence in Shih-lin. After I made my pitch, he made a very strong pitch about Park Chung Hee as a communist. He said, "You know his past record. I think he is a very dangerous man. I warn you about him and I want you to transmit my warning to your government," which, of course, I did. There was something to Chiang's position. Park Chung Hee had been either a communist or a communist sympathizer.

Q: How about the Philippines? That wasn't in your area?

YAGER: When you're dealing with a big chunk of Asia, you have to at least have some general understanding of what is going on elsewhere.

Q: In this 1961-1963 period, was there the feeling that North Korea might attack South Korea?

YAGER: Yes, that was something that we were deterring.

Q: Was there any talk about pulling out our divisions? I think we still had two there at that time.

YAGER: Yes, there was a dispute between Rusk and MacNamara over this. MacNamara wanted to pull a division out and Rusk wanted to keep both of them there. I attended a breakfast meeting at which Rusk and MacNamara argued this out. I can't remember the timing. I think that MacNamara won, but whether it was then or shortly thereafter, I don’t recall.

Q: It was the 23rd to the 25th Division. Eventually, the 25th Division lost.

YAGER: Rusk had been an Army officer and he had risen to the rank of colonel in World War II. He took what you might have thought would be the military position and MacNamara took what I would have thought was the soft-minded State Department position. The roles were reversed.

Q: MacNamara's main feeling was money. (end of tape)

YAGER: I think that he was arguing on the grounds of efficient employment of the troops under his control rather than explicitly on money. I don't recall that there was any

plan to disband the division that he wanted to withdraw.

Q: No. "Money" is the wrong term. We are talking about efficiency.

Is there anything else we should cover on this period?
YAGER: I could mention one thing that was really above my pay grade, as military officers like to say. That was the Cuban Missile Crisis. When was it?

Q: It was October 1962.

YAGER: That sounds about right. I sensed that something was going on. We had no real idea of what it was. On a very muggy night, I was instructed to attend a meeting in the large auditorium in the newer part of the State Department building. I think practically all the ambassadors in Washington were invited to that meeting. I can't be sure of that. It might have only been those that were viewed as friendly were invited. In any case, all three of my ambassadors were invited. I had to escort one and I had the desk officers escort the other two. We went in there and had no idea what we were going to encounter. The meeting was run by Alex Johnson, who was the head of Political-Military Affairs. He explained that there was this crisis, that we had discovered Soviet missiles in Cuba, and that the problem was what to do about it. He presented the aerial photographs and then he laid them out on tables and invited the ambassadors to come down and look at them in detail. Some of them did. We then watched President Kennedy's address to the nation on a large screen. It was a very dramatic evening.

Q: Why don't we move now to 1968-1972. You were at the Institute for Defense Analyses.

YAGER: I thought that I was likely to be offered a foreign assignment at any time. I had been in Washington for seven years and Jinny's health was not good enough for me to accept an appointment overseas at that time. So, I thought, "It looks like my best move is to retire and get out." I had had over 20 years service and I was 52 years old. I could get a pension. I looked around and found a rather attractive-sounding job at the Institute for Defense Analyses.

Q: You did that for four years.

YAGER: Yes.

Q: Could you explain where the Institute for Defense Analyses fits in? What does it do? Who sponsors it? What is its role?

YAGER: The oldest organization similar to IDA and the one that people usually know about is Rand. IDA was like Rand, except that Rand initially was linked to the Air Force. It broadened out later.

Q: I think "Research and Development" is where they came up with the name of Rand.

YAGER: Well, I have heard people say that isn't so, but I don't know. IDA was supposed not to serve individual military departments or services, but to work for the top people - JCS or the Office of the Secretary of Defense. It would take special permission for IDA to accept a Navy contract. I don't recall any such exception. So, IDA was largely financed by the Defense Department. IDA had four divisions, whose names are hard to remember. The two largest divisions were staffed largely by mathematicians and very high class quantitative analysts. They had a few very large contracts that supported them and were renewed routinely year after year. There were two other divisions. The one that I went into was called the International and Social Studies Division. It was not very large. It had about 30 people in it. Its financing was a matter of just scrambling and doing your best to get funding. The fourth division, whose name escapes me, was mostly economic and had equal difficulty in getting financing.

Q: What sort of things during the 1968-1972 period which coincided almost with the early part of the Nixon administration were your particular concerns?

YAGER: The big project that I worked on when I first went there was called the President and the Management of National Security. We were doing this as a favor that we would give to the new president, whoever he would be. It turned out to be Nixon and we did indeed deliver it to the Nixon White House. I don't know if they made any use of it. It was a pretty good analysis of the alternative ways in which a president could manage national security policy. It came out as a book.

Q: Looking at what happened, Henry Kissinger came in. He wanted to basically run everything himself under the instructions of the President, which didn't fit an objective analysis of how you should do this.

YAGER: No. What I thought he was doing was trying to overload the formal coordination process so that it wouldn't cause him any trouble. He approved or maybe he stimulated a lot of the big projects for the National Security Council. They would then bring in the member agencies to help them on it. Then, he would go off on the side and do his own diplomatic deals and not bring people in except as he absolutely needed them. You are quite right that he is not a man to follow a system. He is not an Eisenhower.

Q: Did they call upon your China experience at all in this type of work?

YAGER: Yes. There were some China specialists there. I was the deputy director of this division. If there was China project, I was in it. Anything on East Asia I would definitely be in, but I was not restricted to that. I had pretty free range on what I did. The division director, who got me the job, an old friend, did not really do much managing job. He let me do it.

Q: How well did you feel that your institute was plugged into the real working system of the government during this time?

YAGER: I felt not very well. I didn't think that the Secretary of Defense was much

concerned with what we were doing.

Q: This must have been a bit frustrating.

YAGER: By then, I was an old hand in Washington. It didn't surprise me in the least and it didn't bother me. I remember, when I was in Policy Planning, we would occasionally get the question of "Can I have some examples of how the Policy Planning Council has influenced policy?" It was very hard to find any. The same is true for a contract researcher.

Q: In 1972, you moved to over to Brookings. Did you stay there until you retired?

YAGER: No, I worked until I was 80. I stayed there until 1980, I think. I'm pretty sure it was 14 years. My last job was with the Science Applications International Corporation.

Q: Let's talk about Brookings first. What was your area? What were you dealing with?

YAGER: The first job, the one I was brought in to do, was a big study of energy and U.S. foreign policy. This was one of the larger components of a very large Ford Foundation project on energy. They actually set up a separate office in Washington, which by coincidence was right across the street from Brookings, to run these projects. Various research organizations around town and in other places had pieces of the action. The Ford Foundations pressed Brookings quite hard to take the foreign policy study, even though it had no one free to run it. Brookings didn't take me because I knew much about energy, which I didn't but because they thought that I could run things. That is why I went there. As Brookings goes, this was a large project. It involved at least on a part-time basis eight to a dozen people, and I had three or four full-time people all the time. The typical Brookings project has a senior fellow and a research assistant, so this was a monster.

Q: How did it go?

YAGER: It went well. I had good people. We had a draft out for comment when the Middle Eastern crisis broke out.

Q: This was the '73 war.

YAGER: Yes. The oil producing countries had formed a cartel, and they lowered the boom on exports to countries that they felt were hostile. This caused a huge jump in oil prices, which we of course had not forecast. So, we had to crawl on hands and knees and ask the Ford Foundation for another $50,000 to redo what was already done.

Q: This is known as "back to the drawing board."

YAGER: Yes, indeed. But it was better that way than it would have been if we had gotten the study out in the bookstores before the crisis hit.

Q: After that, what were you working on?

YAGER: I did more energy work. That didn't lead immediately to work on nonproliferation of nuclear weapons. There was another project in between. Maurice Strong, a Canadian millionaire and a tremendous wheeler dealer, who was in charge of the new UN Environment Program and had been the executive secretary of the big UN Environment Conference, wanted a study of new means of financing programs such as his. He had a few ideas, but he wanted somebody to take the full view. This was a new subject. Eleanor Steinberg, Jerry Brannan, who was a consultant, and I somehow got a grip on it and did it. So, that was the first book on some of these far-out ways of raising money, such as charging for parking spaces for satellites in geosynchronous orbit.

But after that, I worked peripherally on nonproliferation. I did some more general political-military work, too.

Q: Could you describe a bit the nonproliferation apparatus established outside the government, with which you obviously were concerned... Could you explain first what nonproliferation means?

YAGER: I never liked the word, but I got used to it. It means checking the spread of something, in the case, nuclear arms.

Q: There are other groups, such as Concerned Scientists, disarmament groups? Were you all in a coalition or were you all proceeding along your own particular path?

YAGER: There was some contact, but I'd say along our own path. Brookings is a rather egotistical place and it probably couldn't conceive of any utility in alliance with anybody.

Q: Did you find that coming from Brookings your main products were books and publications?

YAGER: I would say books. That may have changed some since, but in my day it was books.

Q: What about the place where you really want influence, Congress? Were you able to get very far with Congress?

YAGER: Since we were a not for profit corporation and were the beneficiaries of tax exemption, we were not allowed to lobby. We could inform. We could answer questions. But we could not lobby. And we didn't. I think that, as we perceived our task, we were educating politicians and knowledgeable non-politicians. We were not pursuing a particular political agenda.

Q: While you were working on nonproliferation, what were you getting about China? Was China a concern at that time?

YAGER: Yes. China tested its first nuclear weapon in the ‘60s.

Q: China's first explosion was the same day as Khrushchev was out. So, we are talking around 1965.

YAGER: I was going to say 1964. That already had happened.

Q: China was well in the nuclear club. As you were looking out from Brookings, were you concerned about China perhaps exporting?

YAGER: Oh, yes, indeed. That was part of the problem.

Q: What about Israel?

YAGER: The same, but it was complicated by the fact that Israel was viewed as a friendly country and that, in terms of American politics, you had to be very careful what you were doing with Israel or said about Israel. But there was concern about what Israel would do. Of course, even to this day, they have never admitted that they have nuclear weapons, even though it's been clear for many years that they do.

Q: You left Brookings around 1996.

YAGER: Yes. I was then at the SAIC (Science Applications International Corporation) for 10 years.

Q: They do what?

YAGER: They are probably the biggest contract research organization in the country. They've gotten even bigger. They probably have at least 30,000 employees.

Q: What were you doing?

YAGER: I was in the part of this vast organization that dealt with arms control. I was interested in the subject in a broad sense, but I was trapped on the nonproliferation of nuclear weapons part of it, so I worked mostly on that.

Q: In nonproliferation, did you feel that the system was holding together, basically working pretty well, or was there some major concern about leakage of knowledge and equipment out of the nuclear club?

YAGER: We thought the system was pretty good, but you're right, there were leaks and that was one of the problems that we were always addressing. I at least - and I guess the people that I worked with - believed that the Nonproliferation Treaty was a good treaty and was basic to any useful policy of nonproliferation.

Q: Was there quite a stir when Iraq started moving? Iraq must have been the focus of

quite a bit of attention, wasn't it?

YAGER: Oh, yes, indeed, it was. We had been troubled by Iraq before that. Saddam Hussein we knew was an undesirable world citizen.

Q: We've pretty well covered your career. I've hit lightly on your post-State Department career.

YAGER: I have one general subject that might be worth going into. I worked for three contract research organizations. I thought that a general comparison of them might be of some interest under the headings of personnel, review of the written product, relations with customers, and the preparation of proposals to get contracts. I'm talking about the Brookings Institution, the Institute for Defense Analyses, and Science Applications International Corporation.

Personnel. I think that Brookings had by a small margin the best personnel in terms of professional qualifications and intellectual brain power. I don't know that this goes with smart people, but there were quite a few prima donnas at Brookings. There was a general feeling of superiority over everybody, which may have been just pride, but I think that perhaps it was a bit overdone. The general atmosphere was that this was it. Nobody was as good as we were.

The next heading is "How is the Written Product Reviewed Before It's Passed to the Customer or Released to the Public?" Incidentally, Brookings will not accept a contract to write anything that cannot be published. Brookings also will not do any classified work. So, the other two organizations are quite different. They do highly classified work, and their attitude toward the public is "The public be damned. It's none of your business."

How is the product reviewed? In the case of Brookings, it's a rather traditional academic approach. The president of Brookings chooses the readers, usually from a list provided by the author. The readers read the draft, and comment on it. Their names may or may not be revealed to the author or anybody else. Some of them may choose to be anonymous. There is virtually no internal review except insofar as a division director may make comments on a draft by a subordinate. When I was at Brookings, I suggested to the president of Brookings a modified form of the review at the IDA from whence I had come. His response was, "This will never work here. You can't have our senior fellows critiquing one another's work. Too many feelings would be hurt. Too many enemies would be formed." In other words, "There are too many prima donnas here to run that kind of a system."

At IDA, the review system of a major paper, in addition to the division head being responsible for it, was done by forming a panel. There would be anywhere from five to 10 people, some from outside IDA and some from inside, who would spend all day going over the paper in the presence of the authors. They would say, "Why do you say this? Isn't this wrong? Is this consistent with that?" It was really quite an unpleasant experience for the authors, but I felt it was a good way of reviewing a paper. The people on the panel

were people that knew something in the field, and they were given unrestricted permission to badger the authors about their paper. I liked that.

SAIC's review of written products was rather limited. The division manager (SAIC doesn't use "director" or "chief.") is responsible for a paper and he or she will go over it, usually in some detail. If you have a good manager, you will probably get a good paper.

These are three quite different ways of reviewing products. As I indicated, I rather liked the IDA method.

Concerning relations with customers, Brookings did not pay much attention to customers. All we knew was that the customer entitled to was the study that we had promised to do. We might talk to the customer during our work, but we felt no obligation to do so. We certainly would not let the customer influence the paper or look in any way. The strange thing is that the most outrageous example of excessive customer influence that I witnessed in my career was at Brookings. This was a very big aberration. This was a case where the author was very close to the customer, and the customer had a lot to do with what was in the paper. That was discovered and there was a big uproar.

In the case of IDA and even more SAIC, there is routinely quite a bit of contact with the customer while the work is going on. There might even be scheduled meetings or interim progress reports, to tell how the work is coming out and let the customer make an input. So, when the customer gets the product, the customer pretty well understands what is there and it is mostly unlikely that it's going to be displeasing to the customer. I think that the Brookings approach is, in theory, at least (I am excluding the one outrageous case.) the best, but it may not be ultimately the way to survival. Brookings has a very large endowment fund and in its early days it needed very little outside money. In my day, they were at the point where they did need outside money. But Brookings usually did not consult its customers, until it gave them the final product.

Finally, the preparation of proposals. This is the way contract research organizations live. If you can't win proposals, you're dead. Brookings for many years didn't have to make many proposals. They went through a period (and I enjoyed part of that period) where institutions were begging them to do things, like the project that I was hired to do. That happy situation changed for Brookings. The world got colder. Brookings now has to try to win proposals. At first, there was kind of a slapdash approach to proposals at Brookings. They didn't like to do it. I remember one case that I found slightly amusing where the National Science Council had issued a request for proposals. We had a political scientist who, like some political scientists, was a specialist in political science gobbledygook. He wrote a proposal in that language. Henry Owen, the division chief didn't like it. He took it up to Kermit Gordon, who was then the president of Brookings.

Q: He gave me a D- in economics when he was an instructor in college. It was a deserved D-, but I remember him.

YAGER: He was a pretty tough guy. I liked him. Owen took this draft proposal to

Gordon. He said, "Kermit, I have this proposal that So and So has written for the National Science Council, but it's just not suitable. I am going to have to rewrite it." Kermit said, "Let me see it." He read it and called up Henry later and said, "I don't want you to change a word of that proposal. That is the way those people think." It was sent over, and Brookings got the contract. Kermit was right.

IDA was a little better. It couldn't live at all without winning.

The real specialist on proposals is Science Applications International Corporation. They win about one third of the ones that they compete in. There is nothing that they take more seriously than the writing of proposals. They have an internal procedure for reviewing them that is very tough. For a major project, they form what is known as a "red team" of people who know something about the subject and the draft proposal goes to the red team. The red team meets with the authors and gives them what's for about their draft proposal and sends them back every time to rewrite it. The fellow who runs most of these is also the mayor of Fairfax City. He is a very smooth, smart fellow who is very tough on things like that. He always gets a tough panel. He makes the authors thank the red team for their comments. At the end of the meeting, he says, "Now, gentlemen, you've heard these comments. You know what you have to do. So, please thank the red team for their comments." The poor authors are kind of bloody, but they have to say, "Thank you for your comments." But by doing this and being so serious about proposals, SAIC wins a lot of them.

Q: This has been very interesting. We'll stop at this point.

YAGER: Okay.

End of interview