

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

WALTER A. LUNDY

Interviewed by: Raymond Ewing
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INTERVIEW

Q: OK, this is a Foreign Affairs Oral History interview with Walter A. Lundy. It is the

23rd of September 2005. This conversation is being conducted at the National Foreign Affairs Training Center and is being done under the auspices of the Association for Diplomatic Studies and Training. My name is Raymond Ewing.

Walt, it's good to have this opportunity to talk with you. I see you entered the Foreign Service in 1960. Why don't you tell me a little bit about where you grew up, where you went to school and how you came to be interested in the Foreign Service.

LUNDY: I grew up basically in Georgia; however, my father went into the Army during World War II, and we spent three years in California, from 1943 until 1946. That probably inspired my love of travel. We returned to Georgia when I entered high school, which in small town Georgia in those days meant the eighth grade. There were seven grades of primary and four years of high school. I entered the University of Georgia in 1950, and graduated with an A.B. in 1954.

I went directly into the Air Force with a Reserve Officers' Training Corps (ROTC) commission and stayed there from 1954-1958. I was very lucky indeed in that I entered the Air Force early enough to receive full veterans benefits under the Korean War GI Bill (which provided military men/women 36 months of education benefits). Also, in all candor, it gave me four years in which I could at least begin to grow up. I think men in my age group were fortunate in being subject to compulsory military service. It gave our generation a sense of obligation to serve their country. In my case, it enabled me to postpone having to make career decisions which I was really not mature enough to make. I was very lucky in the Air Force. The pay was good; I was tired of being a poor student. I was also lucky in being assigned around the country--New York, Mississippi, Texas, California--and spending the last 18 months in the Philippines. I had an opportunity there as a transport navigator in a support squadron to travel throughout the Far East and South Asia.

Q: I saw that you have an under graduate degree from the University of Georgia and it was in geography. Is that how you qualified to be a transport navigator?

LUNDY: Not really, I majored in geography as a compromise. I couldn't make up my mind what I wanted to major in. I washed out of flight school in Mississippi, but was encouraged to sign up for navigation training. I decided to do so, partly because I had grown accustomed to the flying pay. I spent most of 1955 in navigation training at James Connally Air Force Base, Waco, Texas.

Q: Did you think about making the Air Force a career or did you leave the service when you had gotten the years in that you were obliged to fill?

LUNDY: The latter. I never did think about the military as a career. I did not find it intellectually satisfying, and not being especially enamored of the culture probably would not have done very well as a career Air Force officer. I likely would have faced compulsory retirement after 20 years with half my working life still ahead of me.

Q: So what did you do when you left the Air Force?

LUNDY: I had already applied and been accepted at Georgetown. After spending a few weeks at home in Grady County, Georgia, with my family, I came directly to Washington in September, 1958, and started graduate school at Georgetown; that is how I became established in Washington.

Q: Was it your experience in the Air Force primarily that lead you in that direction?

LUNDY: I think so. I liked living overseas. I genuinely liked travel; I developed an interest in Asia and that directed me, I think, more than anything else to aspiring to join the Foreign Service.

Q: When you entered at Georgetown University were you already hoping to go into the Foreign Service or was that something that developed while you were at Georgetown?

LUNDY: No, I was already hoping to do so. Unhappily, the Foreign Service written exam was not given in 1958. I did not take it until 1959. It's just as well; I probably would have flunked it the year before which might have discouraged me. I needed the year of graduate school. In the meantime, I was looking at other opportunities, mostly in government. I went to several interviews. In the late summer of 1959, I was hired by CIA and began their training program. Their examination and hiring process were somewhat similar to that of the Foreign Service.

Q: So, you actually entered on duty with the CIA?

LUNDY: Yes, I worked there for eight months. I was being trained for a clandestine job when I was informed that I had passed my Foreign Service orals in early May. In the meantime I had gotten married; my wife also was a CIA employee. We both decided we preferred the State Department, the Foreign Service. I immediately gave notice and was processed out within just a couple of days.

Q: So you entered on duty with the Foreign Service before you completed your graduate program at Georgetown?

LUNDY: I only lacked writing the thesis for completion of my M.A. I spent the next three or four months working on it. Later, I got a temporary summer job so we were not completely dependent on my wife's salary. I was also in an Air Force reserve unit, flying one weekend a month. I entered the Foreign Service in early October. I was lucky to get into one of the earlier classes for people who had passed the 1959 written exam and taken their orals the following spring.

Q: So you went to the Foreign Service Institute A-100 orientation course for, I don't know how long it was at that time 12 weeks, nine weeks, ten weeks?

LUNDY: I think it may have been more like eight or nine weeks. After that I went directly into 16 weeks of language training. I was a language probationer which meant I was required to reach the three level in a world language, which for me was French. I next took the consular and South Asian area courses and was sent to Colombo, Ceylon, in May of 1961.

Q: In those days assignments were not necessarily tied at all to language training. I had German, and my first post was Japan. You had French and your first post was Colombo, an English-speaking place, I guess.

LUNDY: Right. That was not the best policy, but in the aftermath of “The Ugly American,” it was decreed that ever FSO had to reach a certain proficiency level either in a world language or a hard language. Virtually every language probationer in my class went directly into French, Spanish, or German training, one of the three. We were told we could not be promoted until getting off language probation. In fact, they didn’t stick to that policy. It was later decided you could receive one promotion without having met the language requirement. I think the Department did adhere to the only one promotion policy, but by that time most officers had worked something out.

Q: So you went to Colombo, then Ceylon now Sri Lanka, in 1961. What kind of work did you do there and what was it like? Not too large an embassy I think?

LUNDY: No, it was a very small embassy. There were two junior officer slots, and the local pattern was to spend the first year as the Embassy’s consular officer and the second year in the political section. As it turned out, I spent about 17 months in the consular section and about nine months in the political section. The consular job was by far the more interesting. I was the only consular officer, and I of course was very dependent on the local employees. I learned a great deal from exposure to all phases of consular work. Since I would never do consular work again, this was very valuable experience.

The political section was not a happy place; it was overstaffed. There were three political officers, one of whom was also the labor officer. The political section chief was not at the counselor level; there was only one counselor in the embassy, the DCM (Deputy Chief of Mission). Once I got out of the consular section I realized how well off I had been there and in all candor was glad when my Colombo tour ended.

Q: In the consular section, as the only consular officer, you had to do everything, which I suppose was mostly visas or protection of American citizens?

LUNDY: More protection and welfare work than anything else. A great deal of shipping and seaman work too. Colombo was not a major port, but there were enough American flag ships in and out and enough American tourists to give me the opportunity to learn much about both aspects of consular responsibilities. Ceylon was in the old Asia-Pacific triangle which meant that the annual immigrant visa quota was only 100, but we only

came close to that number in 1962. Visitors visas were issued mostly to very rich people. There also were some business travelers and a few students, but the visa workload was never heavy.

Q: Then in the political section you said you were the junior officer of a relatively large staff, and so you were doing some biographical reporting and cutting out newspaper articles?

LUNDY: Yes, that sort of thing, not terribly inspiring. The embassy never had any money for travel. We should have been getting out into the countryside. I learned in later assignments how important that was, but we were not traveling other than what we paid for ourselves. Our contacts tended to be among the elite in a very small capital city. I don't think we did a very good job of political reporting from Colombo.

Q: Had the ethnic strife that later affected Sri Lanka not really started yet at that time?

LUNDY: They had had some bad times in the mid-1950s, but it appeared at the time I was there the reasonably enlightened leadership in both the Sinhalese and Tamil communities would be able to work things out. The elites were still in control, i.e. those who had inherited the mantle from the former colonial power, Great Britain, which did not leave Ceylon until 1948. There had not been a well organized independence movement; the British simply so no reason to remain in Ceylon after they had left India. The civil servants they had trained were still in place.

In light of the severe communal strife of the past three decades, the country's prospects at the time we were there seem overly optimistic. Even then, however, they clearly were not getting on top of their economic problems. This was long before the Asian economic miracle had begun to occur. Basically the economy was subject to fluctuations of agricultural prices; exports were mainly tea, rubber, and coconuts. I was not an economic officer at that time, but it was obvious the country was struggling economically. Ceylon was nowhere near meeting the aspirations of its well educated (by Asian standards) people. The country had made commendable progress in providing medical and other social services. In retrospect, ethnic strife probably was inevitable. In addition to linguistic and religious differences, both the majority Sinhalese and Tamils believed the other community was receiving more than its share of economic benefits.

Q: Were you involved at all with Ceylon's relations with its neighbors? India in particular?

LUNDY: To some extent. The Tamils had migrated to Ceylon from Tamilnadu, the largest of India's southern states. A large number had come as much as 2,000 years ago. Others had been brought by the British in the 19th Century to work on tea plantations in the hill country of central Ceylon. I was supposed to be reporting on the Tamil community, and should have been talking to people outside Colombo, particularly in the Jaffna area in the north. Because of the lack of travel money, I never went there.

Q: Did you have as one of the most junior officers in the embassy much contact with the ambassador and the DCM, or were they somewhat distant?

LUNDY: No, the ambassador and the DCM kept their doors always open. There was a remarkable ambassador who arrived in Colombo about the time I was assigned there, Frances Willis. She was the first woman to have made it through the career ladder to an ambassadorship. In retrospect, however, I have mixed feelings about her. She was an extremely hard working and completely dedicated public servant; on the other hand she simply had no idea how to delegate.

Q: She wanted to do it...

LUNDY: She had to see every written word that left the embassy. Such scrutiny reduced the volume and content of the reporting. I had an easier time there than my more senior colleagues who knew what they were doing, while I was very junior and had so much to learn. I was lucky to have worked for her in that I much benefited from exposure to her long experience. I believe strongly, however, the first rule of management is that the best supervisor is the person who supervises the least. Ambassador Willis' very cautious management style made life difficult for the deputy chief of mission, embassy section chiefs, and heads of other agencies.

Q: Had the Colombo Plan started at that time?

LUNDY: The Colombo Plan was launched in 1950; it was never much more than a coordinating mechanism. Later, I attended a couple of their annual meetings representing the East Asia Pacific bureau. At no time did the Colombo Plan have much real influence.

Q: Frances Willis was also ambassador or maybe minister to Switzerland. Was that before or after Sri Lanka?

LUNDY: Before. She was chief of mission both in Switzerland and in Norway. I think probably while she was in Switzerland the status of the legation was upgraded to Embassy, and her title then became ambassador. In either case, she was chief of mission. After she left Bern, she became ambassador to Norway and then was moved from Oslo to Colombo soon after President Kennedy was inaugurated. South Asia was a completely new experience for her, which may have been one reason she seemed to be a bit unsure of herself. She had started out as a young officer in Latin America in 1927. After her first two posts, which were in Chile, Valparaiso and Santiago, she was assigned either to Europe or in Washington.

Q: OK, anything else Walt that you would like to say about your first post in Colombo?

LUNDY: No I think that about covers it. I could talk about personnel problems there but would just as soon not open that door.

Q: Sounds like there were several that had affected you there.

LUNDY: There were.

Q: That was relevant. OK, where did you go next and how did that come to happen?

LUNDY: I came back to Washington for a year and went into Vietnamese language training in preparation for assignment to Vietnam.

Q: So the year in Washington was Vietnamese language training?

LUNDY: That was all except for the three-week Southeast Asia area studies course which took place before language training started.

Q: So you went to Saigon in 1964...

LUNDY: Before the completion of language training.

Q: So about how much language training did you have?

LUNDY: Oh I only missed about the last six weeks, but I would have had to have gone out a month or two earlier had my wife not been pregnant. This was because in those days there was a push to expand our embassy in Saigon as we became more and more involved in the worsening situation.

Q: So she was able to go with you?

LUNDY: Yes. Our son was born in Saigon in November.

Q: Oh, that is why you went...I see, a little bit early so she could have the baby...

LUNDY: No, a little bit late. In those days, doctors thought that until women were past the fourth or fifth month of pregnancy, something like that, it was better that they not fly because of the danger of miscarriage. I don't know whether that precaution still is recommended by gynecologists.

Q: I think it's a little bit the opposite now, that you can't fly after a certain point but anyway...

LUNDY: There was a window in there during which there were no restrictions on her flying, and that was when we went out.

Q: Was that your first child? Born in Saigon?

LUNDY: We had our first in Colombo. Our older daughter was three years old when we went to Saigon.

Q: Saigon in 1964. Would you like to describe what it was like and also what your job was there.

LUNDY: I was assigned to the political section in Saigon as one of several provincial reporters. The approach to reporting was completely different in Vietnam from what it had been in Colombo. I loved my job in Vietnam. Obviously, the situation was not healthy. However, when we arrived in Saigon in 1964 the city still was relatively peaceful. We settled in nicely and put our daughter in a French kindergarten. Things were going well for us personally, but the security situation was continuing to deteriorate. Our son was born in November; my wife and children were evacuated in early February, 1965 along with all the other American dependents. That evacuation surely was one of the most efficient things the U.S. government ever did.

Q: To where were they evacuated?

LUNDY: They came back home. The evacuation was announced on Monday, and my family was out of there by Thursday. This was roughly in the middle of the exodus. Within a week all the dependents were gone. The impending evacuation was kept secret from Embassy staff. Only the ambassador and a very few high-ranking people in our mission in Vietnam had any idea it was about to happen. Ironically, some dependents who were evacuated had not arrived in Saigon until the Monday morning the evacuation was announced. This was because the people who were responsible for the assignments process and travel arrangements did not know about the impending evacuation. There were no leaks; the secret apparently was kept.

Q: The reason for the evacuation--I guess this was early February, 1965?

LUNDY: Yes, 1965. This was not the famous evacuation which occurred 10 years later; this was the first evacuation, the one most people have forgotten about.

Q: What occasion, what was the reason for it at the time?

LUNDY: The security of dependents in Saigon had grown to be a matter of increasing concern. However, the immediate impetus probably was the decision to widen the American role in the war. Allowing dependents to remain in a war zone was untenable. I do not recall when our intention to send combat troops into Vietnam was announced, but I am sure the decision already had been made by the time of the evacuation. Three weeks later, in the first week of March, the first Marines waded ashore at Danang in central Vietnam. That was the beginning of the real Vietnam war, which lasted for more than ten years.

Q: Was the threat at the time seen as Viet Cong or other elements?

LUNDY: Viet Cong.

Q: Primarily.

LUNDY: Viet Cong who not surprisingly had infiltrated Saigon thoroughly. We never felt personally insecure, and up until the time my family left dependents still were not being cautioned about areas they should avoid in the city, but the U.S. government rightly was becoming very nervous. There had been some frightening incidents. And less than two months after the evacuation the embassy in Saigon was bombed.

Q: And you were there?

LUNDY: No, I was not there. I was in Grady County, Georgia, by a quirk of fate. Ambassador Taylor had been called home for consultations. (Before he would agree to go to Saigon as ambassador, he had gotten a commitment from the White House that the flow of official visitors to Vietnam would be drastically reduced. Instead, he would come home periodically for consultations). A number of us within the mission were offered seats on the plane, a Boeing 707 from the VIP squadron at Andrews AFB. As one of the more junior Embassy officers, I obviously could be spared for a week. And they felt sorry for me because of our family situation with the two small children. I was home the week the embassy was bombed.

Q: That was the plane that brought Ambassador Taylor back?

LUNDY: Yes the plane that went out to pick him up. The same or a similar aircraft took him back a week later.

Q: And you went back when he returned?

LUNDY: Yes. When they were evacuated, my wife and children went first to her parents' home in Alexandria, VA, but a few weeks later they had gone to Georgia to visit my parents. I joined them there. Of course, that part of the trip we paid for. We came back to the Washington area together, and I returned to Saigon on the plane taking the Ambassador back. It was a lucky break.

Q: Did she and your children ever go back to Saigon?

LUNDY: No, that was out. It was several years later before a limited number of dependents were allowed to return to Vietnam, and I'm not sure that they ever let children go back. As I understand it, there was never a clearly defined policy on the presence of American dependents in Vietnam in later years, but I do recall hearing some adult dependents, particularly those who had jobs somewhere in the mission, were allowed to accompany their spouses. The first evacuation incredibly even took the working spouses out. Ambassador U. Alexis Johnson--he was deputy ambassador in a strange bureaucratic

arrangement, but Ambassadors' Johnson and Taylor were both superb professionals who seemed to have no problem at all working together-- lost his secretary even though her husband was an AID officer in Vietnam. If he stayed, she could not, meaning Ambassador Johnson gave up his secretary in the evacuation.

Q: So your wife and daughter, and then your newborn, were there for about six months?

LUNDY: A little more than seven.

Q: Well, let's talk a little bit more about your job there in the political section. You were provincial reporting for a particular area/province?

LUNDY: Yes and no. Provincial reporters, as we were called, were assigned a group of provinces. The country was split into four regions, one or I corps, two, three, and four corps, they were called. But we moved around, eventually I worked in all the areas except II-Corps. I worked in the most southern provinces in the Mekong River Delta, which comprised IV-Corps, and the provinces around Saigon, which were III-Corps. I covered most of the country at one time or another excepting II-Corps.

Q: When you say you covered all of that at one time or another that meant travel? A lot of travel?

LUNDY: We did go to the grass roots. To be candid, we spent most of our time talking to the powers that be, or more accurately that were. First, of course, we had to check in with the Americans. We spent a fair amount of time with the U.S. Government civilians and our military in the provinces, but we also talked a great deal to local officials and in many cases to the Catholic and Buddhist clergy. However, the powers that be were mostly those who at least ostensibly supported the government of South Vietnam. At times, we talked to representatives of opposition political parties or religious or cultural leaders who were not enthusiastic supporters of the central government but who presented no serious threat to those in power.

Q: How was your means of travel around to the provinces, usually military helicopter?

LUNDY: It varied quite a bit depending upon their geographic location and the security situation in individual provinces. Sometimes we could take Air Vietnam, the civilian airline. It became well known the Central Intelligence Agency operated a small airline called Air America in South Vietnam. We often used their flights; within the provinces we sometimes went by military helicopter, sometimes by jeep. Some of the provinces close to Saigon we could drive to, and the embassy provided us a jeep.

Q: The kind of reporting that you did on these various provinces, was for internal use within the embassy, or did you do a lot of reporting to Washington, or was much of it edited pieces that were compiled covering several different reporters, or all of the above?

LUNDY: All of the above. Contrary to my first post which would rather not send something into Washington that was not considered letter perfect, in Vietnam the idea was to report virtually everything to Washington. While I was in Saigon, provincial reporters had a great deal of editorial freedom. We had a first class supervisor in Jim Rosenthal, who worked directly for Bob Miller, the number two under the political counselor, Mel Manfull. They were a superb team. Jim, Bob, and Mel all later became ambassadors. At the time, Saigon had the largest American embassy political section worldwide.

However, I think in retrospect we may have been inundating Washington with our reporting. President Johnson made it clear there was no higher priority in U.S. foreign relations than Vietnam. We did comprehensive reports on each province which were supposed to be updated every three to four months. We would spend four or five days in a province, return home, and spend the next two or three days writing up our memcons (memoranda of conversation) and drafting an analysis of the situation in each province. These were called mission province reports. Although I never felt really comfortable in the language, I spoke Vietnamese extensively and also some French, which had rusted out a bit in Colombo. For a junior political officer, in Vietnam I had as good a job as was available anywhere in the world.

Q: Looking back now, what forty years or so later, do you think your and the other political officers view of the situation was too rosy, too optimistic, too incomplete, or pretty accurate?

LUNDY: I guess I would lean toward pretty accurate. The analysts in Washington were not optimistic. I would recommend to anybody David Halberstam's The Best and the Brightest about that period. There was a very insightful analyst named Lou Sarris in a fairly senior position in INR (Bureau of Intelligence and Research) who comes to mind. From the beginning Lou was pessimistic. I think he and his colleagues were basing a great deal of their analysis on the embassy's reporting. Halberstam points out in his book how Lou Sarris harmed his own career by assessing the war in Vietnam as he saw it rather than saying progress was being made, which was what the establishment at the time wanted to hear. Clearly by mid-1965, when we had a change in political counselors at the Embassy, the word from the top was "let's try to be more positive."

Q: Beginning in mid-'65?

LUNDY: Yes, from about that time, I began to see some of our editorial freedom being taken away.

Q: Do you think that was simply a matter of a change of personality or was it...?

LUNDY: I think it came from the top. The new political counselor was that thoroughly admirable Foreign Service Officer, Phil Habib--a brilliant diplomat, and a survivor, if there ever was one. However, I was disappointed in his leadership my last few months in

Vietnam. I don't know this, and I can't prove it, but I think he was probably told "let's try to put a more positive spin on things". In later incarnations, I developed a deep respect for Phil. He was a man of considerable intellectual integrity and certainly one of the most successful FSOs of all time.

Q: Now you are in a situation where there is tremendous, very high level concern and interest in Washington, a very political situation, really all the time that you were there and even more so probably after you left.

LUNDY: Oh yes, I'm now in the group that is considered to have served there early on. When I left in January, 1966 there were only about a couple of hundred thousand American troops in the country. The number of civilian staff at the Embassy and in other USG agencies increased substantially. At the peak, U.S. military personnel in Vietnam totaled somewhere between six and seven hundred thousand, I think.

Q: At least that, yeah.

LUNDY: I should talk about the last four months, which were the most rewarding of my time in Vietnam. I was shipped off to the consulate at Hue where I was acting principal officer. There was an unfortunate bureaucratic situation in Hue. The incumbent was moved down to Danang as political advisor to the Marine commander, General Walt. I took over the consulate, which was staffed by only two officers and one secretary/communicator. I-Corps comprised the four most northern provinces. I remain proud of the reporting we sent to Saigon. Direct communications to Washington were not possible from Hue; all of our substantive reporting went through the political section in Saigon. We did very little in the way of consular or economic/commercial work. The war was the pervasive, all consuming issue. There was a considerable amount of dissent in Hue. The families of both Ho Chi Minh and Ngo Dinh Diem (the former president of South Vietnam who was overthrown in a coup d'état in late 1963) had deep roots in the area. The city also was the old royal capital and the seat of a very influential university. It was an area where politics was taken very seriously, and the reporting we were sending out from Hue was of great interest both in Saigon and Washington. And I began to see more evidence of censorship.

Q: In Saigon?

LUNDY: In Saigon, yes. Let me cite the mission province report I did assessing the situation in Quang Nam province which was where the Marines had landed near Danang and where we probably had committed more resources, both military and civilian, than to any other province in the country. Certainly in I-Corps it was where we were making our strongest push, but the whole situation was bogged down. We had all these troops there, but there was hardly any progress toward pacification of the province. When I reported this to Saigon they sent the airgram on to the Department with only a few of the more damning sentences deleted. The airgram received, I was told later, very wide distribution throughout Washington, and at CINCPAC (Commander in Chief, Pacific) in Hawaii. I

think the message that we were not getting anywhere did indeed get through. That may have been my most important piece of reporting in my entire Foreign Service career. Did it really change anything? No, of course not, but I do believe it inspired some thinking about just how difficult our task in Vietnam was going to be. Later, another mission province report assessing our efforts in Quang Ngai was gutted of all mention of the drastically deteriorating military situation. The VC (Viet Cong) virtually controlled the province, but only a small part of the report describing activities of the political parties in Quang Ngai was sent on to Washington.

Q: To what extent was your reporting, particularly from Hue, shared with the U.S. military locally?

LUNDY: In Hue we had no secrets; the local U.S. Army advisors and other representatives saw any of our reporting which interested them. We had a real team effort at Hue, working closely with the military and representatives of other USG agencies. Most of the American military and civilian employees there at the time knew all too well we were working in a backwater, and that we could not expect much attention from either Saigon or Washington. No USG personnel, civilian or military, had anything higher than province level advisor status. As a very junior FSO political officer, sadly I probably had as much or more clout than any American in the province of Thua Thien. Hue was a backwater vis-a-vis the government in Saigon as well, a fact which the local Vietnamese deeply resented.

Q: Deeply resented it...

LUNDY: I mean local government officials, civilian and military, deeply resented the lack of attention they were receiving from Saigon.

Q: So you were there about four months in Hue?

LUNDY: Four months, and then my 18-month tour was over.

Q: In Vietnam?

LUNDY: In Vietnam, and then I went home.

Q: I wanted to ask a little bit more about the dynamics in the embassy. Were Maxwell Taylor as ambassador and U. Alexis Johnson as deputy ambassador there throughout the period?

LUNDY: No. Ambassador Taylor left in late summer of 1965. I think it now is pretty clear that he was fired, unjustly so in my opinion. Henry Cabot Lodge went back to Vietnam, which may have been another reason our editorial freedom was reduced.

Q: Of course this was still the Democratic, the Johnson administration?

LUNDY: Yes, it was LBJ who appointed Ambassador Lodge.

Q: A Republican but also partly with the idea of trying to get a broader support for the war and what was going on.

LUNDY: As I recall, Ambassador Johnson left at about the same time Ambassador Taylor departed. I don't even remember who became Ambassador Lodge's DCM. I'm not sure there was one; perhaps they called the number two man mission coordinator or something like that. I was at Hue most of the time after the changeover.

Q: U. Alexis Johnson had served as ambassador two or three times before going to Saigon as the deputy.

LUNDY: I know he had been in Prague...

Q: And Thailand.

LUNDY: Yes, that's right, and later he was ambassador to Japan.

Q: Yes, that was later. Did he function as a DCM, or was he really in effect a chief of mission, the second chief of mission?

LUNDY: He was more like a second chief of mission, as I recall. He had more contact with the staff than Ambassador Taylor did, although Ambassador Taylor was certainly quite open and did interact with the staff. Ambassador Johnson reached out somewhat more I think, but then that was probably just how they had decided to divide the work. I didn't have a lot of contact with either Ambassador Taylor or Ambassador Johnson. However, they would let it be known when they appreciated something that the junior people had done. There was much respect for their leadership throughout the mission.

Q: I would think though to ask you to go up, even if it were for only four months, to Hue showed quite a bit of confidence in you and what you had done in the embassy or was it that there wasn't anybody else to...?

LUNDY: I don't really know, if I can be a little bit self-congratulatory, perhaps a combination of the two. I was both willing and available. John Negroponete, with whom I came into the Foreign Service, was also a junior officer in Vietnam, and had been sent to Hue that summer to replace the incumbent who was on home leave. I had gone up for a visit while John was there, and I think he recommended me. Bill Marsh who by then had replaced Jim Rosenthal as head of the provincial reporters in the political section had something to do with it as well.

Q: Was Negroponete principal officer in Hue?

LUNDY: He was acting principal officer, as I was, for a couple months.

Q: Before you went.

LUNDY: Before I went.

Q: OK, after your wife and children left did they consolidate you into some kind of bachelor officer quarters in Saigon, or did you remain in your house?

LUNDY: I stayed in the house; they made us double up, however. A good friend in the consular section, Tom Wilson, moved in with me. He had a larger family and had been living in a bigger house, which he knew he would have to share with more than one other person. By moving in with me to a smaller house we kept it down to two people, which probably was his main motivation for making the change. We got along just fine, and he was able to keep the house by himself while I was at Hue, where I was only supposed to be on TDY (temporary duty). Technically, I suppose I was assigned to Saigon but on detail to Hue.

Q: When you finished at Hue you didn't go back to Saigon and start working there again? That was the end of your 18-month tour?

LUNDY: That was the end of my 18-month tour. Originally, I was sent to Vietnam for three years, but after the families were evacuated, all tours of duty were reduced to 18 months. I was only in Saigon for two or three days before leaving the country.

Q: Was the security situation a lot worse during the last six months, eight months of your time in Vietnam, or did it not really change that much for Americans?

LUNDY: At the time, I didn't think it really had changed that much, but it's obvious history has confirmed that the VC (Viet Cong) infrastructure was both growing and thriving.

Q: You said you didn't really have much contact with opposition elements either in Saigon or Hue other than those that were respectable...?

LUNDY: Acceptable.

Q: Acceptable to the government. Was that pretty much the case throughout the whole time you were there and do you think that...?

LUNDY: Much of the opposition in the functioning, but not threatening, political parties and many of those active in the South Vietnamese government had fought for the liberation of Vietnam from the French. You could not, of course, make contact with the real opposition, the Viet Cong, with whom we were at war.

Q: I guess I'm still trying to grope whether we perhaps during the time you were there or otherwise perhaps should have had more contact with Buddhist elements or...?

LUNDY: We talked to the Buddhist leadership all the time. They were not a political party, but they did oppose the government, and Hue was their most important rallying ground. The Buddhist leadership was not united, but those who opposed the South Vietnamese government were the most active. The Catholic leadership in Hue tended to support the government. The most senior Catholic official in Hue was a relative of the Diem family, but he was a much more liberal, more pro-democracy person than most of the other Diems had been.

Q: In Hue did you share housing with the other officer who was there?

LUNDY: Yes, there was one house for the principal officer, and we shared it.

Q: OK, anything else about your time in Vietnam, in Saigon and Hue?

LUNDY: No, I think we have about covered it.

Q: OK, where did you go after that? You went home to your family.

LUNDY: Yes. My first six months back in Washington were another very lucky experience. I had decided I just didn't want to be a political officer in spite of a much more positive experience in Vietnam than I had had in Colombo. At that time they were recruiting participants for the first intensive six-month course in basic economics. The feeling for some time had been that the Foreign Service was weak in economics. I think that was correct. I was able to get into that first class which started just a couple of weeks after I returned from Vietnam.

Q: Let me ask about your perception of your first two political assignments. You said that you had had a more positive experience in Vietnam than in Colombo, but did you also feel perhaps that the Colombo experience might be more representative of political reporting?

LUNDY: Sad to say, yes.

Q: Because Vietnam was so unique that you probably wouldn't be able to duplicate that again and maybe you wouldn't want to in a war environment?

LUNDY: Correct. And I could not help feeling a little guilty about leaving Vietnam because I felt I was beginning to become effective, and because I identified with the people and with many of my very dedicated American colleagues. These were not just USG employees. There were U.S. citizen missionaries around Hue. There was a group of extraordinary German and French doctors teaching at the University, at least three of whom were executed by the VC during the early 1968 Tet offensive. But I never thought

seriously of volunteering to remain in Vietnam. Continued separation would have been asking too much of my wife who was caring for very young children.

Q: OK, so you came back to the 22 week, 26-week economics course. You were in course one, I was in course two which I've always thought was pretty early, but I'm not sure I've actually talked to someone who was in the very first class. You've mentioned the background as to why they launched intensive economics training at the Foreign Service Institute, the perception that the Foreign Service's economic reporting was weak, and we needed more economic officers, with solid academic background. I think it would be interesting to hear you say a little bit more about how that first class went, how large it was, who you were? Were you all basically political officers who were looking to go into economics?

LUNDY: We were a mixed bag. I believe there were only 16 of us in the first class, and we were not all FSOs (Foreign Service Officers). There were at least three other agency students from Treasury, Commerce, and AID (Agency for International Development). I remember them as from around 30 to early 40s, probably about a 15-year age span. The course was very well organized; I give high marks to Warrick Elrod and John Sprott who had more to do with putting the curriculum together than anyone. Their boss, Jacques Reinstein, I think probably got more credit for starting the course than he deserved. Warrick Elrod, a self-effacing but highly motivated bureaucrat, was the main inspiration. He was an ex-FSO, who had resigned, I believe, for family reasons and had gone into academia but had come back into government. In any case, our three leaders recruited a very talented group of instructors, who were mostly academics from nearby universities. We were taught basic macro-economics including statistics, money and banking, international trade and finance--all disciplines required for Foreign Service economic reporting.

My only adverse criticism of the course would be that a little bit more emphasis probably should have been placed on commercial work, but back then commercial work had not grown to be as prominent in Foreign Service culture as it later become. In six months, we received the equivalent of an undergraduate major in economics, undergraduate I would emphasize, not graduate. If you wanted to pursue graduate training in economics, the Department would send you for a year to a university. Some people went that route; I did not. The results from the first course were impressive. Our class took the graduate record exam for economics. I don't remember the specifics, but Warrick Elrod was extremely pleased with our scores. He took the whole class to lunch at his own expense to celebrate.

The course was taught at the old Foreign Service Institute in the basement of Arlington Towers in Rosslyn. I did not find the work especially demanding. Compared to the job I had just left in Vietnam, this was easy. There were about six hours of class a day and three or four hours at the most of studying. Most of that I did after classes were over, before going home. I did not have to study at home except just before exams which were given every eight weeks. It was an enjoyable period, intellectually stimulating and leaving plenty of time to spend with my neglected family.

Q: Did you find a fair amount of mathematics in the first course?

LUNDY: The emphasis was not so much on mathematics as on econometrics. A Saturday morning math make-up course was offered, but I had sufficient background in mathematics that I did not bother to attend. Later on, I understand they increased the emphasis on math, econometrics, and statistics.

Q: As I said I was in the second class, the one that followed yours, and we had the same basic instructors I think, Warrick Elrod and John Sprott in particular, who did a fair amount of the teaching. John Sprott especially, who had come from Pittsburgh, I believe. You know he had a PhD in economics and was certainly a strong economist. The other professors were mostly from local universities as was the case with the first group.

LUNDY: They recruited excellent instructors, very prestigious people. One who stood out was older than most of the others and had had a distinguished career at the Federal Reserve.

Q: Furth?

LUNDY: Furth yes, J. Herbert Furth.

Q: He did international trade.

LUNDY: International finance, as I recall. I'm not sure whether he still was employed at the time. He may already have retired and was teaching as a part-time job. He was a superb teacher.

Q: Yes, I remember him as being very distinguished and you had the feeling that when he talked about some of the great names of international economics, finance, and trade theory that he not only had known them but also had personally worked with them.

LUNDY: He kept referring to Dr. Gottfried Haberler as his brother-in-law. In his generation, Austria produced a number of outstanding economists. I believe both Drs. Furth and Haberler were of that group.

Q: Yes, exactly. OK, well I'm glad you had a good experience with that course. I certainly did.

LUNDY: But you remained a political officer didn't you?

Q: No, I became an economic officer but of course I think we ought to emphasize that this was really in the period before cones so that while we thought of ourselves as political officers or whatever, we didn't have quite the categorization; that came later.

LUNDY: All we knew back then was we would have an economic assignment right out of the course, which probably would be followed by another economic assignment or university training.

Q: I think most of us were very comfortable with that, and I had probably had somewhat more academic economics and experience maybe than you had had because I had been a commercial officer in Tokyo and had done a couple of classes in undergraduate economics, but I didn't really feel all that comfortable as an "economist". OK, well, so where did you go? You must have gone to an economic assignment after you had finished?

LUNDY: I was detailed to the Treasury Department for two years, which was also a positive experience.

Q: Now did anybody in those days ask you if you would like to do that or how did that come to happen?

LUNDY: I was recruited for the job mostly because of Bill Turpin, an FSO whom I had known in Vietnam and unlike me did not have a positive experience there. Bill Turpin had been special assistant to C. Douglas Dillon, when he was Secretary of the Treasury.

Q: He had also been Undersecretary of State for economic affairs.

LUNDY: I think that was earlier, but I honestly don't remember.

Q: It would have been earlier, yeah.

LUNDY: At any rate, while Bill was there he became keenly aware that Undersecretary for Monetary Affairs Robert Roosa (at that time the third ranking Treasury official) was having big problems with office management. Mr. Roosa was probably the leading USG official in international financial policy at the time, highly regarded by his European Finance Ministry and central bank counterparts. Bill persuaded Undersecretary Roosa to request that a State Department Foreign Service officer be detailed to his office as staff assistant or special assistant (the job title was never clearly defined). Undersecretary Roosa did so, and the job was established for an FSO detail. Trusting Bill's judgment that the assignment would be a good learning experience, I took the job.

Q: Had there been anybody else filling that before. or were you the first one?

LUNDY: No, I was the third one. I was preceded by Dick Martin who went from Treasury to join you in the second economics class at FSI.

Q: I followed him in Rome some time later.

LUNDY: Before Dick, the job was held by Tom Boyatt, who later became an

ambassador.

Q: Was Peter Bridges at Treasury at some point?

LUNDY: No, Peter Bridges I think was at Treasury somewhat later. When I was there three foreign service officers were on detail to Treasury. One was Carolyn Kingsley, one of my classmates from the economics training course, who worked for the Controller of the Currency. The third, whose name I don't remember, was somewhere in the office of the Assistant Secretary for International Affairs.

Q: What was the job? Was it in the immediate office of the undersecretary?

LUNDY: Yes. The job was not as substantive as I had hoped it would be. The Under Secretary for Monetary Affairs' entire staff totaled only three, me and two secretaries. I was his legman, more the gofer than anything else, but I learned a great deal in the job. I would say my work was more that of a staff assistant than a special assistant. An assistant secretary at the State Department at that time would have had two staff assistants, and at least three secretaries; an under secretary of state would have had an even larger staff. There were only the three of us. I did get involved fairly extensively in the details of international monetary reform which was very high on the agenda of any international economist. Special Drawing Rights under the International Monetary Fund were created. The SDR, devised in 1967-68 to augment gold and foreign exchange reserves in central banks, probably has not become as important an instrument as they hoped it would. It was nevertheless an important milestone in international monetary reform. My boss was Undersecretary Frederick Deming who had replaced Mr. Roosa by that time. He had come out of the Federal Reserve System. He did not have Undersecretary Roosa's reputation for personal charm, but he was a brilliant economist, a man who knew how to cut through the bureaucratic underbrush and get things done. Mr. Deming, indeed, probably was one of the more under appreciated high-ranking officials in this town at the time. He did not care about the Washington social scene or the kind of press play his work might inspire. He was strictly a nuts and bolts technocrat, a man who concentrated on the substance of any issue. He was highly respected by his colleagues in other countries. He did a very good job; I much admired him professionally without ever feeling I got to know him very well.

Q: You were at the Treasury Department from about the summer of 1966 to summer, 1968?

LUNDY: Yes, for two years.

Q: Two years, and Roosa was there what the first year or so?

LUNDY: No, Robert Roosa had already left by the time I got there. Fred Deming had arrived about mid-1965 and stayed until the change of Administrations in early 1969.

Q: So you were with Deming throughout the two years you were there? Other than working in the office and being in effect a staff assistant, did you travel with him quite a bit? Or not at all?

LUNDY: Not at all.

Q: Because...?

LUNDY: Mr. Deming traveled a great deal, mostly to and from Europe. He never took anyone with him. He carried a briefcase full of briefing books and other material, which he would read on the plane. Treasury was a much leaner, meaner operation at that time; I would have put it far ahead of the State Department as a bureaucracy at least in the Office of the Secretary, which included just about everybody who worked in the main Treasury building. I thought it was a very effective branch of the U.S. Government, comprised of bright, hard charging bureaucrats. It was much more influential back then than it is today.

Q: A very strong office of international affairs, I don't know if that's the right term, that...

LUNDY: That was the right term at the time; I don't know exactly what it is called now. There was an assistant secretary for international economic affairs; now I believe there is an undersecretary for international affairs as well. I have no idea how responsibilities currently are divided between that office and that of the Undersecretary for Monetary Affairs.

Q: You worked a lot with the assistant secretary for international affairs and his staff on behalf of Undersecretary Deming?

LUNDY: Right. I knew most of those on the international side, and they were very sharp economists. There was a great deal of interchange between the Treasury and the Federal Reserve, a good working relationship in my opinion.

Q: This is not my story but just let me tell you something about my experience and see if it rings true from what you observed. In the early '70s I went to Rome as financial economist and worked for the Treasury attaché who was Ralph Korp and then Don...

LUNDY: Yes, I knew him.

Q: Don Templeman later. I really thought that Ralph was as good or probably better than just about any Foreign Service Officer I ever knew. Partly because he spent a lot of time abroad, he really knew how to do things, he knew far more than just statistics or international monetary matters, and it was certainly my impression that Ambassador Martin in Rome, who later was in Vietnam, thought as highly of Ralph Korp as anybody on the embassy staff. His language ability, his analytical skills, his exceptional writing style--all of these traits that we like to see in Foreign Service officers--were very highly

regarded.

LUNDY: I think he was probably typical of most of the Treasury attaches assigned to our embassies. There were not very many of them throughout the world, perhaps a dozen or so. They were all top-flight people. I did hear from time to time that some of them were prone to attacks of localitis because of being left in their posts for a number of years, considerably longer than we usually assign FSOs to the same post. Aside from that, I never heard anything but high praise for Treasury attaches at our embassies. Often they eclipsed the economic section simply because their skills were so much better honed than ours.

Q: In Rome, Ralph certainly knew the governor of the bank of Italy, the treasury secretary, minister of the treasury; he had excellent rapport with high level contacts in a manner probably that no one else below the ambassador level had.

LUNDY: So did his predecessor, John Ghiardi.

Q: I heard that.

LUNDY: When he came back to Washington, he had a high-level job at Treasury and then at State. While in a meeting with Undersecretary Deming and others, I once heard John Ghiardi take the telephone and begin talking to the president or chairman (or whatever his title was) of the Central Bank of Italy in very fluent Italian.

Q: Yeah, yeah, well I've interviewed a fellow named Art Blaser for the Oral History Program. Art at the time I interviewed him was well into his nineties and had served in Tokyo where I knew him, Bonn I think, Brasilia or Rio and maybe a couple of other places. I think he and Ralph Korp also really did not particularly like to work in Washington. They thought that the Treasury Department was not the best place to work, they would much rather be abroad, which was another...

LUNDY: As is the case with many Foreign Service officers. Art Blaser, however, did not have as sterling a reputation as Ralph Korp.

Q: Yeah, well we've taken off on a tangent a little bit but anything else you'd want to say about your time with the undersecretary for monetary affairs at the Treasury Department?

LUNDY: Well, I knew after that I never wanted to have another staff assistant or special assistant job. However, I did consider it a good learning experience.

Q: A lot of it was in effect putting together briefing books for these trips and for meetings and that kind of thing?

LUNDY: Yes, that kind of thing, plus going down and getting his coffee in the morning.

Q: Oh even that too? Sorting out cables and things like that.

LUNDY: Sorting his mail; much of my job was clerical.

Q: Were you involved much with the office of the Secretary of the Treasury?

LUNDY: Almost constantly.

Q: Who was that at the time?

LUNDY: Henry Fowler, a remarkable gentleman, but not as influential a Secretary as Douglas Dillon had been, but he did seem to have excellent rapport with President Johnson.

Q: Dillon had been there before...

LUNDY: Before Fowler, yes.

Q: In the Kennedy administration? Dillon was in the State Department in the Eisenhower administration. I'm not sure when he was Secretary of the Treasury, it may have been under Kennedy.

LUNDY: I think it was under Kennedy, and I don't remember exactly when Secretary Fowler replaced Secretary Dillon. I never met Secretary Dillon.

Q: Yeah.

LUNDY: Secretary Fowler had been Deputy Secretary at Treasury under Dillon.

Q: And then moved up?

LUNDY: Yes. I think he and President Johnson were personally close, but he did not have the national clout, the reputation that C. Douglas Dillon had. Mr. Fowler was well liked, however, and quite effective.

Q: Dillon, of course, had both a national reputation and very strong New York Wall Street connections, which Fowler may have lacked. OK, anything else about your time at Treasury? Where did you go after that?

LUNDY: I was assigned to the India desk as the number two economic officer which turned out also to be a very good job.

Q: At the State Department?

LUNDY: At the Department in the NEA (Near East Asia) Bureau. In those days, and until fairly recent years, South Asia and the Middle East were in the same regional bureau.

Q: And you were the number two economic officer, was there an office director, a country director?

LUNDY: Doug Heck was Office Director when I arrived at the desk. He was soon replaced by Chris Van Hollen. The deputy director and senior economist, who eventually became an ambassador, was Mary Olmsted.

Q: So you were under her?

LUNDY: Yes, I worked directly for Mary. She was a superb officer, a very good boss. Mary retired about 1980.

Q: She was later ambassador to Papua New Guinea. So as economic desk officer in effect for India you were very much involved with the AID agency and with other agencies, looked at the reporting and what else did you do?

LUNDY: The traditional things that a desk officer does; desk officer jobs are very good jobs. I enjoyed that one tremendously. It was a very good work situation. The India desk was busy; you were expected to do your job and not bother people seeking guidance. The tradition of excessive overtime was the main disadvantage of working in that bureau. Everyone worked late and went in on Saturdays, probably more than was really necessary.

Q: Did you travel to India?

LUNDY: Oh no, there was no travel money, but I had been there several times when I was in the Air Force, and again while I was in Ceylon. I already had a feel for the country.

Q: Were there some really big issues you were involved with that you remember?

LUNDY: Probably USG holdings of surplus Indian rupees more than anything. I was deeply involved in that. We owned large sums of excess currencies in a number of countries because of legislation known as PL-480, whereby developing countries receiving our food aid could pay for a portion of the commodities in their own currencies. In return, we would use these currencies for funding other programs in the respective countries. Our Indian rupee holdings rose to several billion dollars because of massive food aid to India during a widespread famine caused by drought in 1966-67. Our rupee holdings were so large that we could not possibly spend that much money in India in the foreseeable future. Because it was in their currency, the Indians had control over the money that they owed us. There were some interesting problems over how this was going to be handled. An overall agreement was not worked out until the mid-1970s.

Q: Were we finding ways to use that surplus?

LUNDY: Oh yes, but not to the extent that we could make much of a dent in this huge pile of rupees. India was not the only country where we had vast sums of local currency owed to us. There were nearly a dozen excess currency countries. Pakistan, Yugoslavia and Poland come to mind. But because the total was so much larger in Indian rupees, our challenge in India was unique.

Q: The Indian economy was...

LUNDY: Unhappily, at that time almost stagnant.

Q: Nowhere like it is today. Stagnant with...

LUNDY: The problem was aggravated by their almost complete abandonment of free-market policies. India was badly set back by the two years of drought in 1966 and 1967. We saved millions of Indian lives by making massive food grains shipments which built up the pile of rupees. Our policy was gradually changing in that the local currency component of repayment for food aid was being phased out. Much of our food aid to India and other poor countries, of course, was outright grant assistance. But when the food was paid for, the recipient country paid below market prices on very favorable repayment terms. Once the excess currency problem was recognized, it became clear the large accumulation of local currency debt was in neither country's interest. In the meantime, India's own food grain production was recovering. The green revolution was real. Worldwide, agricultural output has been vastly increased because of new hybrid varieties and improved farming practices. India was moving toward food self-sufficiency.

Q: I see that your next assignment was to the embassy in New Delhi so maybe we ought to move ahead to that unless you have something else you'd like to say about your assignment to the desk? How long were you there, on the desk?

LUNDY: I was on the desk for a year and a half, and then I was in India for three and a half years. The job became vacant in New Delhi in September. There was not another candidate for the job. I did not want to go out that soon. My wife had just given birth to our younger daughter, our third child, and we were not really ready to go back overseas. And there was no one to replace me on the desk. A compromise was worked out; we went out in December.

Q: Of '69?

LUNDY: Yes.

Q: OK and stayed until the summer of '73?

LUNDY: Until August of '73, to be more precise..

Q: OK, well why don't you talk a little bit about...unless there is something else that should be said about your time in NEA on the...?

LUNDY: No, I don't think so.

Q: What was your job in New Delhi and...?

LUNDY: Perhaps I should start off by saying that I'm not sure I had one. Given my experience on the desk, if ever any assignment should have worked out for me, that one should have. Instead, New Delhi was my worst assignment. Undoubtedly I was a bit cocky thinking I could put to good use my experience on the desk, but I learned soon after arriving there was very little for me to do. The AID mission was enormous; there was a very active and highly competent Treasury attaché, Larry Viet, who became one of my best friends. He very much fit the pattern of talented Treasury officials we discussed earlier. There was an agricultural attaché and an assistant attaché. The AID mission had an office of some seven or eight program economists. It was one of our biggest AID establishments overseas, surpassed only by Vietnam. There just wasn't much left for the economic section to do. We also had a commercial section headed by a counselor with two, and sometimes three, commercial officers under him.

Q: So the economic section aside from all these other people consisted of you and...?

LUNDY: A counselor and two other officers.

Q: Two other officers and you, so the economic section was left with transportation...?

LUNDY: Civil air.

Q: Civil Air. Not much reporting.

LUNDY: Not really, maritime reporting for whatever it was worth. There just was not much to do. We did some state by state reporting which I...

Q: Indian states?

LUNDY: Indian states, which I guess as much as anyone I inspired, having borrowed the idea from the provincial reporting that we had done in Vietnam. We suggested this type of reporting when I was on the desk, and I suppose it was my idea more than anyone else's. We also had economic and commercial officers at each of the three consulates, in Bombay, Calcutta, and Madras. State by state reporting at least encouraged the economic officers to get out into the countryside. This educated us all about economic conditions outside the largest cities, but I can't say this kind of reporting ever attracted much attention in Washington. When I arrived in Delhi, only one of the reports from the Embassy's consular district had been completed. I did reports on all the states in the region.

Q: Did you sort of coordinate that at the embassy in New Delhi to the extent that there were inputs from the consulates?

LUNDY: No, the consulates in those days had editorial freedom; they reported directly to Washington. That was changed while I was there. Most of their substantive reporting was funneled through New Delhi starting in either 1971 or '72.

Q: And this was the period from late '69 to '73, which included the Bangladesh War?

LUNDY: Yes, the Bangladesh War occurred, but it did not much affect the work of the economic section. I only remember doing some of the political/military reporting during the war to help out our over worked colleagues. I attended some of the Indian military briefings just because the political section was spread out very thin during that crisis period.

Q: Who was the U.S. ambassador during this period?

LUNDY: Kenneth Keating most of the time.

Q: Former congressman from New York and later senator.

LUNDY: A very admirable individual but not an on hands manager by any means.

Q: So the DCM was responsible for coordination.

LUNDY: The DCM did the coordination, such as it was. Morale was very low in New Delhi; relationships between the various sections were not very friendly. At the grunt level we certainly communicated with the Treasury and Agricultural Department representatives and with the AID economists, but there were just too many people and not enough meaningful work to go around. One of my great weaknesses is when I don't have enough to do I get in trouble.

Q: So you got in trouble then?

LUNDY: I made a lot of people made, yes.

Q: You made suggestions?

LUNDY: Such as pointing out that my job really ought to be abolished, but that is bureaucratically never a very popular stand.

Q: Were you able to travel?

LUNDY: Yes, because of the surplus rupees, there was enough travel money.

Q: India is such an enormous country and diverse in many ways.

LUNDY: Yes, very much so, extremely interesting.

Q: It makes sense to travel. New Delhi, like Washington, is not America. I don't think New Delhi is Indian, it might be the Punjab but...

LUNDY: No, I traveled quite a bit. That part of the job I certainly enjoyed. New Delhi is as Indian as any of the big cities. It is in the heart of Hindustan. There are vast cultural and linguistic differences within India. English is surviving in the Indian subcontinent because the educated elites from various regions need it to communicate with each other.

Q: You were not really involved in India's external economic or other relations?

LUNDY: To some extent; we certainly reported on trade. Our own trade problems with India, however, particularly textiles on which we had placed import quotas, were handled mostly in Washington.

Q: Trade policy issues, you really didn't get into that?

LUNDY: I didn't really get much into that, but I probably should have tried harder than I did to become involved in trade policies, in retrospect. India wasn't very important in international trade back then. The idea of export led growth, which already was showing considerable success in East Asia, had not penetrated Indian economic development planning. Indian policy makers thought the potential internal market was so vast that the country could activate its own economic growth engine. Indo-U.S. economic relations were based more than anything on surplus rupees and U.S. assistance levels. Our surplus rupee problem was the turf of the Treasury attaché. The large AID mission, of course dominated our aid policy. I was involved, but only in a subordinate role. I can't say I didn't learn a fair amount during those years in Delhi, however. I was the Treasury Attaché's backup and put in quite a bit of time in the commercial section when they were shorthanded.

I did pick up some more interesting work my final year in Delhi when I took over narcotics reporting. India was a major producer of opium poppies, supplying a large chunk of the world export market for legal opium. The Indians kept opium production under tight control. As far as we could determine, the country was not a major supplier of opium for illicit heroin production. Washington was very interested in opium production and export everywhere because of the growing worldwide heroin addiction problem. American pharmaceutical companies were concerned that their source of legal opium imports from India be preserved.

Q: The green revolution was under way and things...

LUNDY: The green revolution was underway, and it was succeeding, but the agricultural attaché was responsible for the reporting and analysis of the “green revolution”.

Q: To what extent was there an effort to integrate all of these different economic activities of the U.S. government? Was there a minister for economic and commercial affairs that supervised everything?

LUNDY: Just an economic counselor.

Q: Who reported to the DCM, and who did the Treasury attaché report to?

LUNDY: The DCM.

Q: The same for the Agricultural attaché and the Commercial counselor?

LUNDY: The commercial counselor’s position was a bit more prestigious but while I was there much of the time the commercial counselor was a Department of Commerce employee. His relationship to the economic counselor was ambiguous. The Treasury and Department of Agriculture attaches, as well as the Commercial counselor and his assistants, attended our staff meetings, but they carefully guarded their turf and considered themselves independent. The whole economic/commercial reporting effort was supposed to be coordinated by the economic counselor, but he had little muscle.

Q: And the AID mission was pretty much out on its own?

LUNDY: Yes, very much out on its own. In the aftermath of the Bangladesh war, however, our aid to India was drastically lowered. Most of the AID staff departed. Our aid effort in India was reduced to almost nothing more than humanitarian assistance. We were unhappy over the Indian invasion of East Bengal.

Q: Or East Pakistan.

LUNDY: East Pakistan, sorry that is what I meant to say. .

Q: OK. I served in Pakistan a little bit before this at the time of the '65 war. OK, well it sounds like that was not a great assignment for you.

LUNDY: It was not a great assignment. The opportunity came up for assignment to Tehran. I had come back to India after home leave in 1972 supposedly for another two years. Then the NEA Bureau asked me if I would be interested in the number two economic job in Iran, and I jumped at the opportunity.

Q: So that was a direct transfer?

LUNDY: Yes, a direct transfer.

Q: In '73?

LUNDY: In August, '73.

Q: OK, so anything else we ought to say about India. Between Washington and New Delhi, you devoted about five years to Indian affairs.

LUNDY: Five years, a large chunk of my career spent on India. The year and a half in Washington I enjoyed, but probably the less said the better about the larger portion spent in India. To add more would mean getting into problems involving personalities, and that is never productive.

Q: OK, Tehran in '73. What was it like? Well, you were the number two in the economic section.

LUNDY: Absolute paradise for an economic officer. Shortly after I arrived, in the fall of 1973, another Arab-Israel war broke out. In the aftermath, the price of oil shot right up.

Q: Certainly after the '73 war there was an Arab boycott and OPEC (Organization of Petroleum Exporting Countries) which had organized itself and became very powerful.

LUNDY: The drastic rise in the price of oil and its implications for the Iranian economy, needless to say, were of great interest to Washington. Suddenly, Iran was wealthy beyond its wildest dreams. This was the first major jump in the price of oil, and the country had to make major policy decisions about how the money would be absorbed without needlessly aggravating inflation.

Q: Iran was active in OPEC?

LUNDY: Iran was very active in OPEC, but of course the Iranians were telling us how they were trying to moderate Arab demands for the sharp increase in the price of oil. The Iranians, needless to say, were just as eager as the Arabs to push up oil prices. We may not have known very much about the internal dynamics of OPEC, but clearly there was nothing much the U.S. Government could do to influence oil prices. The Shah saw his chance to make big oil profits, and he was not shy about taking advantage of the opportunity. As I recall, the price of oil within a month or two just about tripled, and Iranian foreign exchange earnings increased at a similar rate. To its credit, Iran soon began its own aid program to help out other developing countries suffering from oil price increases. Iran was booming, the city of Tehran became a rather unpleasant place in which to live because of mounting traffic problems and sky rocketing housing costs. But the work there throughout the two years of my assignment was very interesting and challenging. Unlike New Delhi, our embassy in Tehran was not overstaffed. Everybody was busy, our work was appreciated, and we were not over supervised. There was interest in Washington in what we were doing, and morale was high. Most of the time, we had a

very good working environment.

Q: One significant difference I suppose was that the other agencies were not represented to the same extent as they had been in Delhi?

LUNDY: We had an agricultural attaché, but there was no Treasury representative. The financial reporting was my responsibility. With all that money coming in, Treasury Department visitors were frequent, however. The AID mission had closed some years earlier. There was only one AID local employee, who ran a small training program for Farsi-speaking Afghans in Iran. She came under my supervision.

Q: There was a separate commercial operation?

LUNDY: Yes, but unlike in New Delhi there was no question the commercial attache reported to the Economic/Commercial Counselor. There was only one commercial officer assisting the commercial attache when I arrived, but a second slot soon was added. There were frequent American business visitors and trade missions. We all assisted in commercial work. Bill Lehfeltdt, our boss in the counselor position was not a hands on manager. He simply wanted people working for him to get their jobs done. We received plenty of encouragement, but only general guidance.

Q: So you didn't feel like you had to refer to him for every comma and...?

LUNDY: No, never, and it was the same with his successor, Roger Brewin, who was our boss my second year. They were both excellent managers.

Q: Did you spend a lot of time in the offices of various Iranian ministries?

LUNDY: Very much so. Making contact with Iranian officialdom was very easy.

Q: You had good access?

LUNDY: Very good access, particularly in the ministry of finance and the central bank. I worked more closely with those two organizations than any other. The Iranian elite in those pre-revolutionary days wanted to maintain a cordial relationship with the embassy. Sadly, most of the Iranians I knew best probably didn't survive the revolution, or they went into exile. Those events occurred after I had departed.

Q: And your family was able to be there with you throughout?

LUNDY: Yes. Living conditions in Tehran were not particularly good; they were much better in Delhi. Often that is the case in the Foreign Service, however, you get one or the other. Good living conditions and a lousy job or bad living conditions and great work so often is the trade off.

Q: It is hard to combine the two.

LUNDY: If you are really fortunate, you have both...

Q: It is paradise.

LUNDY: Yes.

Q: Well, this was really an interesting period I think in Iran, certainly in the economic section, I can see that it would be, and it sounds as though you must have been pretty busy with all that was going on?

LUNDY: I was, but the work ethic at the embassy was not such that you always felt you had to stay late or go in on weekends. Plenty of times we did put in considerable overtime, but only when it was necessary to get the job done. No one went in just because of being expected to show up. I would like to cast three cheers for that style of management.

Q: Bill Lehfeldt, I know after he left he retired from the Foreign Service and lived and worked in Tehran for a while. I think leaving about the time of the revolution...

LUNDY: He stayed until most private citizen Americans were evacuated. He had one other Foreign Service assignment after leaving Tehran in 1974; he served as consul general in Barcelona for a year before retiring.

Q: And at that time came back to Tehran with the American Chamber of Commerce?

LUNDY: He came back to Tehran as General Electric (GE) representative and remained for nearly four years--1975-79. He eventually became president of the American Chamber of Commerce. Bill had a serious family problem in that two of his four children are handicapped. Both are deaf; their need for special schooling reduced his flexibility considerably. He also was caught in the period when salaries for senior officers were frozen. He needed to make more money in the private sector. He liked the Foreign Service and wanted very much to be transferred to Embassy London where good schools for the deaf are available, but no job ever worked out for him there.

Q: I guess a question one has to ask of anybody serving in Tehran in the mid-'70s was to what extent did you see the opposition, anticipate the revolution coming within three years, 3-4 years after you left?

LUNDY: I don't think anyone did, certainly not the Iranian elite, not the embassy, not the CIA. With the value of hindsight, we obviously should have been more perceptive, but the nature of Persian society must be taken into account. I am proud of the fact that I had good contacts there, but the sophisticated, well educated Iranians I knew were hardly typical. Most of Persian society, however, was very much closed to foreigners. As is the

case in any country, within Persian society there were many different factions. The people from whom the revolution came had no contact with foreigners at all, and practically none with the Iranian elite. They were lead by the mullahs, the religious right, the conservatives. They knew the kind of society they wanted; the modernization of Iran, which was occurring very rapidly, was anathema to them. They had to get rid of the Shah, this leader who after all represented only the second generation of his family in the monarchy. He had to be overthrown because he was driving the country in a direction of which they did not approve. We did not comprehend the extent of the mullahs' power nor the degree of disenchantment with the government felt by many Iranians. The more sophisticated and westernized Iranian elites tended to be moderate Shiite Muslims to whom religion was less important

Q: Did you have contact with the Shah?

LUNDY: None at all.

Q: Ceremonial events?

LUNDY: I never even saw the Shah, though his picture was everywhere. The counselors I think were presented to the Shah at one time. Bill Lehfeltdt had a picture of himself in formal attire bowing to the Shah. I remember hearing that earlier there was an annual Palace reception for the diplomatic corps, but that ended before my arrival. The diplomatic corps had grown too large.

Q: Perhaps the new ambassador at the presentation of credentials presumably to the Shah might have taken along a few key people as well. Who was the ambassador?

LUNDY: Richard Helms was the ambassador during the two years I served in Iran.

Q: Did he take much interest in the economic side of things?

LUNDY: Yes, but not to the extent of interfering with our work. I have all the respect in the world for Ambassador Helms.

Q: Were there lots of visitors to Tehran that you had to take care of in the economic realm?

LUNDY: Lots of them, both official and business. Yes, that was a big part of our work but it was less official U.S. government policy that sent American visitors to Iran than the lure of the oil money.

Q: Which as you said was accumulating rapidly. Yes, with the price of oil shooting way up. Other than the contacts you had with various government ministries and the central bank and so on and the American business community, were you doing much reporting

on the economic trends in the country, and did you travel around Iran quite a bit?

LUNDY: Yes, I traveled quite a bit. I visited the other main cities. We had consulates in Tabriz in the northwest close to the Turkish border and at Khorramshahr, which is close to Ahwaz and Abadan, the heart of the oil producing area. I visited the first integrated steel mill near Isfahan. I also went to Mashhad in the northeast which is important to Shiite Islam. Our family did some personal travel as well. The American presence in Iran was growing very fast from about 1974 through 1978.

Q: Were you much involved with U.S. military, MAAG (Military Assistance Advisory Group) in the period you were there?

LUNDY: In the economic section, not very much. Their liaison with the embassy was through the political section where there was a full-time pol/mil officer.

Q: OK, this is a continuation of the Foreign Affairs Oral History interview with Walter A. Lundy. It's the 5th of October 2005. I am Raymond Ewing, and this interview is being conducted at the Association for Diplomatic Studies and Training office at the National Foreign Affairs Training Center.

Walt, last time we were talking about your assignment as economic/commercial officer to the embassy in Tehran from 1973-75 which took place right after the September Arab-Israeli War, and I think you talked some about the kind of economic reporting you were doing and I think right at the end I was asking you about the petroleum sector which obviously was a key sector in Iran at that time.

LUNDY: I did not do the reporting on developments in the oil industry in Iran. There was another officer in the econ section who had had some special training on the oil sector and did all of the reporting on oil developments. My job was to report on the financial aspects. How Iran handled its vast financial windfall, how it was invested, how it was recycled so to speak in western financial markets--those were the main aspects of my job there. I really enjoyed my two years in Iran from a substantive point of view.

Tehran was not a very pleasant place to live, however. It was, of course, a boomtown. The local government estimated that every day an additional 200 cars were introduced into Tehran's already choked streets. This was my only post where government leased or owned housing was not provided. We had to find our own house. Rents were very high. The State Department in its wisdom based our housing allowances on the average amounts Embassy staff actually were paying, not on the prices we had to pay as new arrivals in a booming housing market. We lost about \$2,500 in two years on a barely adequate dwelling. The challenging work itself, however, went a long way toward compensating for the unpleasant living conditions. Financial writers and other journalists, as well as American businessmen, were frequent visitors. The Iranian economic boom seemed to interest everyone. It was an exciting time to be there.

Q: You mentioned Iran began an AID program; was that focused on a few countries or do you remember much about how it was distributed?

LUNDY: Sort of across the board to developing countries. The Shah did not seem to concentrate assistance on other Moslem countries. Helping other countries probably was an ego trip for him. Iran had been a recipient of foreign aid for many years. We once had a big AID mission in Tehran. We put a lot of money into Iran as did a number of European countries; now the Shah was doling it out. Probably in terms of actual financial transfers, the amounts were not large, and the Saudi's were doing the same thing. The aid was tied to imports from Iran, which meant oil purchases. It was mostly loans on not particularly liberal terms rather than grant aid. The Iranian Government, needless to say, received plenty of advice, both foreign and domestic, on how to spend its money.

Q: You mentioned the huge revenues that were coming into Iran because of the oil price increase at that time and other disruptions that had happened. Do you want to say anything about how the recycling was taking place or to what extent were Treasury and the Federal Reserve interested, did they come out to Iran or...?

LUNDY: There were frequent visitors from both the Fed and the Treasury. The Federal Reserve, of course, carefully guards its independence from the executive branch. Its representatives do not necessarily even check in with the embassy when visiting a foreign capital. There were also were U.S. Export Import Bank people frequently visiting Iran. We had one brief visit by the Secretary of the Treasury.

Q: OK, it sounds like an interesting time to be there. I think we talked before about whether the revolution had been seen by you, but you were not a political officer. Anything else you want to say about the substantive aspects of your work there and what you were doing?

LUNDY: Well, one might ask why I only stayed two years. I was offered home leave in the summer of 1974 and return for an additional two years, but we decided for a number of personal, family reasons the time had come to go home.

Q: OK, anything else about your time in Iran? Was it pretty much focused on Tehran or did you get around to the other major cities as well?

LUNDY: My reporting responsibilities mainly were focused on what was happening in Tehran. The travel mentioned in our first session was necessary to get a better feel for the country, but the information to cover the reporting topics which interested the Department mostly was available in Tehran.

Q: Was air pollution a big problem in Tehran?

LUNDY: Yes, a very big problem.

Q: Along with all the other problems that you mentioned.

LUNDY: Every day you could observe the extent of pollution by just looking North to determine whether you could see the mountains, the Elburz, which overlook Tehran. On a clear day, the setting of the city is lovely. Foreigners living in Tehran tend to reside in houses in the foothills of these mountains, north of the downtown area where the Embassy compound was located. Sometimes, on our way to work in the morning we could see a sea of pollution hovering maybe a thousand feet in elevation below where most of us lived. This made for a depressing ride to work.

Q: OK, anything else about that period?

LUNDY: I don't think so.

Q: Where did you go from there when you left in 1975?

LUNDY: I went into a very bad period in my career for the next couple of years. I had been assigned to the economic slot on the Iranian desk; in fact I had been recruited for that job. Late in the assignment cycle, after most jobs already had been filled, the incumbent, who wasn't pleased with his onward assignment prospects asked to stay in the job for an additional year. The NEA bureau backed him up. This resulted in an assignment to a non-existent job in the Bureau of Intelligence and Research (INR). I got out of there as soon as I could. I was in a situation where there was simply nothing to do, even worse than being in New Delhi.

Q: And where did you get out to?

LUNDY: I went on detail to the Department of Commerce for 18 months. That was a ticket it was not a bad idea for an economic-commercial officer to punch at some point. I had friends at Commerce who helped me get an assignment to the Office of International Marketing. But the job I held for the first six months there was no improvement over INR. Again, I was in an office where there was nothing to do. The Office of International Marketing director, Dick Garnitz, who had been a classmate in the intensive economics training course in 1966 moved me into another slot where I worked for a retired Foreign Service Officer, Charles Gendreau, and I actually got very interested in Commerce Department work.

Q: '76-'77. You were involved in putting together trade missions, that sort of thing?

LUNDY: Annual country commercial programs were the main thing Chuck Gendreau and I were doing. These covered countries which Commerce had targeted as major markets for American exports. Included were the larger countries in Europe and South America, India, the bigger countries in East Asia, Nigeria, and South Africa. I brought a bit of regional experience to the job and felt I did make a contribution. The Department of Commerce itself has big problems. It is extremely bureaucratic; working there makes you

appreciate the Department of State. It is nothing like as tightly run an organization as Treasury. Commerce is a major consumer of the reporting done by economic and commercial sections abroad, however, making it a good idea for any economic-commercial officer to know something about the internal workings of the Commerce Department. I didn't regret my time spent over there other than the first six months.

Q: The Foreign Commercial Service had taken over the bulk of the overseas commercial attaché, commercial officer positions...?

LUNDY: Not at that point, not yet. That happened four years later, in 1980. I don't think creation of the FCS was fully implemented until 1981. Losing the commercial function to Commerce was one of the times when the State Department really let us down, let the traditional Foreign Service down. I don't think we put up enough of a fight to stave off creation of the Foreign Commercial Service. The system was working quite well the way it was with Commerce filling some of the commercial officer positions and FSOs staffing some of them. I don't see that the FCS was an improvement in any way. We essentially were doing the same thing with a somewhat different cadre of people. Setting up FCS, of course, reduced the opportunities for Foreign Service economic-commercial officers. In a way, I suppose we got what we deserved, because we had neglected the commercial function. Serving in a commercial position at most overseas posts was not as prestigious as filling an economic slot. There was some feeling officers who specialized in commercial work were second class citizens. Fostering American business interests overseas and promoting U.S. exports is very important work. Commercial specialists should have been given more credit for their efforts.

Q: So the Department and our missions abroad sometimes didn't put enough effort into commercial work?

LUNDY: Absolutely right. That of course was already beginning to change, but it probably wasn't changing rapidly enough. Virtually every ambassador had the protection of U.S. interests, the promotion of American exports, and so forth spelled out in his work requirements by the 1980s. I think at most embassies the economic-commercial function and particularly the commercial side, promoting trade and helping U.S. business, had penetrated the culture. We were doing a much better job on commercial work, but by that time we already had lost the commercial function to the Foreign Commercial Service.

Q: Let me just back up for a second. The idea of the country commercial programs that you were working on at the Department of Commerce was to sort of identify the countries that should get priority in terms of other resources of the Department of Commerce?

LUNDY: Yes, to identify the countries that should have priority and the sectors in which we should make our greatest effort to promote U.S. exports. These were sectors in which we were the most competitive at meeting the import needs of the country where we were trying to increase sales of our products.

Q: Did the process of developing the country commercial programs involve the embassies as well as the Commerce Department, and maybe State Department too, at the time that you were there?

LUNDY: Not so much the State Department in Washington but FSOs overseas, yes. Our job was to prod the regional desks in the Commerce Department to focus on the priorities which had been agreed upon and published in the CCPS [Comprehensive Country Programming System]. We had the final editing responsibility, and we also formulated the guidelines. These publications were updated annually.

Q: And when you say they were publications, were they released to the public or available to the public? Or were they only for internal use?

LUNDY: They were essentially for internal use, but the public I believe could obtain copies upon request.

Q: And the public I suppose would be corporations or trade associations?

LUNDY: Right, yes.

Q: Groups interested in a particular sector or region. OK, anything else about your good year, better year at the Department of Commerce in '76-'77? Where did you go from there?

LUNDY: I moved to the economic slot on the old Republic of China desk, and that was a very, very good job. I was quite lucky to get it; I thought there were probably enough Chinese language officers available to fill desk jobs related to China. There were no bid lists in those days, but this was just the kind of job I wanted. I thought I would be more competitive for a job back in the NEA bureau, but nothing worked out there. My career counselor in personnel suggested this job to me. I certainly had no better idea at the time, and the East Asia bureau was quite agreeable to taking me back. It turned out to be a very fortunate career decision. Quite a bit was happening on our evolving relationship with China and Taiwan at that time, and I was in on much of it over the next two years.

Q: Why don't you describe in a general sort of way what the context of the situation was at the time that you started in '77 and then talk a little about how things changed in the two years you were there.

LUNDY: The economic desk officer on a busy country desk can exert a considerable amount of influence, particularly when working on an economy which is booming in the way Taiwan's was. There were enormous trade problems, and U.S. and other foreign investment was increasing by leaps and bounds. The country desk receives most of the reporting from all agencies. The economic officer for a particular country probably is the central location for more pertinent information than anyone else in Washington. Just by keeping interested other agency colleagues informed you perform a useful service and

earn their gratitude, encouraging them to be more willing to reciprocate by sharing information with you. Everyone gains. You can both promote U.S. interests and help unclog the arteries in the bureaucracy. You can quickly develop a reputation as someone who knows the answers or at least knows where to find them. You also can assist U.S. business interests. There was much demand for a quarterly handout we published covering recent economic developments in Taiwan.

On the political side, it was generally known by then that we were moving toward recognition of Mainland China and the derecognition of Taiwan. This happened about a year and a half after I came to the desk, on January 1, 1979 to be exact. It was in a way a sad time because Taiwan's representatives in Washington, those assigned to the old Republic of China embassy, were first class people. They obviously did not want us to recognize Mainland China. They had bent over backwards to cultivate the desk thinking the bureaucracy might be on their side, but we of course had to be neutral. Recognizing Mainland China in any case was a highly political decision made at the White House. When what came to be termed "normalization" of the U.S. relationship with China took place, the U.S. Government worked out about as sensible an arrangement as could be expected to continue a meaningful relationship with Taiwan. Fleshing out the nuts and bolts was the work of the bureaucracy. As I understand it, U.S.-Taiwan relations continue to this day to adhere to the ground rules put in place in early 1979, which was passed by Congress as the Taiwan Relations Act. We maintain an office in Taipei staffed by Foreign Service officers on temporary leave from the Foreign Service, who are assigned to the Taiwan coordination staff while they are posted to Taipei.

Taiwan in Washington is represented by the Coordinating Council for North American Affairs. There never has been a blip in our working economic relations with Taiwan. American investors did not pull out; trade continued to expand quite rapidly. Taiwan in relation to Mainland China, of course, is a very small country. The United States has made it clear to the governments on both sides of the Formosa Strait that working out the future relationship between China and Taiwan is essentially their responsibility. On the other hand, we have maintained enough of a military presence in East Asia to deter China, which militarily is much stronger than Taiwan, from taking rash actions. We want the dispute to be settled peacefully, not by force of arms. As China and Taiwan have continued to prosper, they both have too much to lose should a war break out. The situation, of course, is far more complicated than we can discuss here. In addition to China and Taiwan, South Korea, North Korea, Japan, indeed all of East Asia, have important regional interests in finding a peaceful solution to the issue.

Q: As the economic officer on the Republic of China desk, to what extent were you involved in relations with Congress?

LUNDY: Not very much on the econ side. There were three political officers on the desk, and they tended to handle Congressional relations. I became involved only when some member of Congress became very interested in a trade problem. These were the days of bilateral textile agreements, orderly marketing arrangements, and voluntary restraint

arrangements with Taiwan and other prospering developing countries. These mainly covered politically sensitive export items in which American producers were rapidly becoming less and less competitive and losing market share.

Q: The first year and a half or so that you were there you were quite involved with the economic section of our embassy in Taipei?

LUNDY: Yes, and unlike my experience on the India desk money for orientation travel was available. Shortly after starting to work on the desk I spent two very educational weeks in Taiwan. We had a top-notch staff at the embassy in Taipei led by Economic Counselor Joe Kyle, with whom I worked very closely. There was quite a bit of overseas phone calling.

Q: Then you were aware of and somewhat involved in what became the Taiwan Relations Act?

LUNDY: Yes.

Q: And the normalization process, or was that something other people were doing.

LUNDY: The country director, Harvey Feldman, an outstanding officer, knew about it. He was not brought completely into the loop, however. Later, Harvey told me he had deduced normalization was about to be announced mainly from the questions the East Asia Pacific Assistant Secretary was asking him. Our bureau's leader was the hard driving, hard charging Dick Holbrooke who was leg man for the White House at the State Department during the normalization process. Secretary Vance undoubtedly was involved, but he relied on Holbrooke for most of the staff support. The Deputy Assistant Secretary covering Northeast Asia, Roger Sullivan, was Dick's backup.

I had known Dick Holbrooke in my Vietnam days when we were both junior officers. He had left the Foreign Service after about ten years, but came back to the State Department when President Carter appointed him early in 1977. Dick may have had something to do with my coming back to the East Asia Pacific bureau. I never talked to him about the assignment, but Dick is the kind of guy who always goes to bat for his friends. He liked working very closely with people on the desk and was an absolute sponge for information. Keeping him informed was the way to stay on his good side. He has a first class mind. Taiwan and most of the rest of East Asia were developing very rapidly and becoming increasingly more important in international trade and finance. Dick wanted to be kept informed but did not have the time or inclination to be involved in day to day operations on economic issues.

Q: To me it's interesting what you say about Holbrooke's interest in what was happening even on the economic side with the Republic of China; somehow, I guess I would have been a little surprised. There were so many other things going on that you would think that's an area he would let someone else handle...

LUNDY: Oh he let Earl Heginbotham, the econ deputy assistant secretary, also a former Vietnam colleague, handle most economic issues.

Q: But he was interested?

LUNDY: Yes, very much. He was interested in little things that I could tell him. I used to pass him short memos, always routed through Harvey and Erland, which he seemed to appreciate. I don't think he had comprehended fully the rapid extent to which U.S. trade with East Asia was growing. I think I was of some assistance in educating him.

Q: And you tended to work more with Deputy Assistant Secretary Erland Heginbotham than...

LUNDY: More than I did directly with Dick, oh yes.

Q: Or with the . . ., presumably there was another DAS responsible for China?

LUNDY: Right, that was Roger Sullivan, and before him Bill Gleysteen. They were both China specialists. I didn't work all that closely with either of them but of course my boss, Harvey Feldman, and Dave Brown, who was the deputy director, worked through them. There was a junior political officer as well. I was lucky in having economic issues mostly to myself. Harvey told me early on to keep him informed, but he preferred not being involved in day to day US/Taiwan economic problems. He also was a manager who knew how to delegate.

Q: Now you mentioned that not much changed in trade and investment relations with Taiwan after normalization with the People's Republic. Of course, there was no longer an Embassy in Taipei, just the American Institute.

LUNDY: Right, the American Institute in Taiwan.

Q: In Taiwan.

LUNDY: Yes.

Q: Other than the name change in terms of the economic reporting, the work that the people involved did stayed about the same?

LUNDY: Pretty much the same, yes.

Q: And there was now this other layer in Washington connected with the American Institute in Taiwan?

LUNDY: I think the American Institute in Taiwan's Washington office is also called the

American Institute in Taiwan, but my memory may be failing me there. The outgoing economic counselor at the Embassy in Taipei, Joe Kyle, became assistant director.

Q: In the Washington office?

LUNDY: Yes, the Washington office which actually was located over in Rosslyn. By the time it was functioning and bureaucratic relationships had been established, I had left the desk. My feeling is that Joe did not try to micromanage whatever functions were left in the State Department. The Taiwan coordination staff in the Department eventually became part of the China desk and was reduced to two or three officers. Ross Parr replaced me in the economic officer slot, but I don't think the job changed very much. I assume it was down graded to some extent.

Q: That was pretty much after you had left?

LUNDY: That was after I had left.

Q: Left the desk?

LUNDY: Left the desk. I remained in the bureau as deputy director of the regional economic office.

Q: OK, before we talk about that, is there anything else we ought to say about your time as economic-commercial officer for Republic of China affairs, as the economic officer on the desk?

LUNDY: No, except that I finally got promoted after eight and a half years as an FSO-4. The job certainly helped me out of a serious career slump.

Q: It sounds like a good place to have been, both interesting work and good timing.

LUNDY: Both, and I just lucked into it.

Q: And the timing, the fact that you were there when normalization took place and the change of relations and the booming Taiwan economy and trade with the United States and all.

LUNDY: I guess I will talk more about it when we get into my experience in personnel, but I will pause to say I am a prime example of "being in the right place at the right time." Foreign Service Officers need to remember that career advancement can be determined as much by being lucky in certain assignments as on any other factor.

Q: And of course the reverse happens too.

LUNDY: Absolutely, and the reverse happened to me in India...

Q: For no particular reason on your part that it worked out badly?

LUNDY: You think you have a great job and it doesn't work out. Personalities and bureaucratic circumstances have a lot to do with what follows.

Q: OK, in '79 you moved over to the office of economic policy, which I think covers the whole East Asia Pacific region, but I don't know all that much about it. You were deputy director, so there was a director. Why don't you talk a little first about the structure and then about the function of the office and what you did particularly.

LUNDY: Well, a deputy director may sometimes have trouble justifying his existence in an office that is not too busy. Again I was lucky; problems stemming from rapid East Asian economic growth and rising exports from the area to the U.S. kept us very well occupied. Our huge trade deficit with Japan was drawing more and more attention. South Korea was somewhat poorer on a per capita basis than Taiwan but was growing just as rapidly. The Association of South East Asian Nations (ASEAN) as it is called, then comprising only five countries, was still in its formative years but also growing very rapidly. The ASEAN governments tended to be conservative and pro-American, in spite of the recent debacle in Vietnam. Southeast Asia was thriving outside of the old Indo-China countries. All of this activity kept the office extremely busy.

Q: How big was the office at that time?

LUNDY: I believe there six or seven officers.

Q: The director, the deputy and five or so...

LUNDY: One whose specialty was commercial, others who concentrated on trade problems, relations with AID or ASEAN. I don't really remember all the details, but there was plenty of work for everybody. We worked closely with the economic officers assigned to the country desks. There was a great deal of adhocery; whatever fires needed to be put out, we tackled them.

Q: And the office reported to Erland Heginbotham; I think he was still in his position as DAS.

LUNDY: Yes, to Erland. Tony Albrecht was the office director at that time. He had had no East Asia experience and came to the bureau after serving as deputy director and then director of EUR/RPE, which was the European bureau counterpart of the East Asia Pacific Economic policy office. Tony learned very fast; he had been in the job for a year when I came on board. He replaced Erland as DAS in mid-1980 and was succeeded by Bill Piez as office director.

We traveled quite a bit, much of which was domestic travel. We were in demand for

speech making, participating in seminars sponsored by U.S. business and that sort of thing. We often attended inter-agency meetings. On the commercial side, John Gregory always went annually to the East Asia Chamber of Commerce meeting held somewhere in the region. We represented the bureau at the Asian Development Bank's and the Colombo Plan's annual meetings. I attended these both years I served in the job. The Asia Pacific Economic Conference (APEC) was just getting organized, but that happened mostly after I left the bureau. The Pacific Basin Economic Council (PBEC), which was strictly a business organization, invited us to its annual meetings. The office frequently had U.S. business visitors needing assistance or simply wanting to be kept informed about happenings in the area.

Q: So the office in addition to major issues such as trade relations with Japan was very much involved in regional economic matters. There were economic officers serving on the country desks, as you had for Taiwan, with whom you also worked closely?

LUNDY: Yes, quite closely. There were some disagreements over turf, but on the whole relations within the bureau were amicable. We probably fought most often with the Japan desk, which always has been noted for its parochialism. To a lesser extent, the China desk had a similar reputation, but things were changing so rapidly in that relationship there was seldom time to argue over turf. In general we were working in tandem with all the country desks. There was no ASEAN desk; that work tended to gravitate toward our office. Each desk had at least one economic officer, and some had two or three.

Dick Holbrooke's leadership and management style fostered good working relations throughout the bureau. He just would not tolerate people keeping things too close to their chests. We were supposed to keep each other well informed. A regional office fulfills much of its purpose simply by making sure people know what they need to know about policies and procedures which might not otherwise come to their attention. Sometimes regional offices just get in the way of desks, but I hope we kept that kind of obstruction to a minimum.

Q: You mentioned that Tony Albrecht was the director of the office and had come from the European bureau where he was deputy director and then director of the comparable office, EUR/RPE. Of course one of the big differences between the European regional economic office and I think East Asia, or any of the others in the Department, that is that that office in EUR was responsible for U.S. participation in some organizations, i.e., the OECD for example and for U.S. relations with the then European community, now European Union. So, in a sense it had a very clearly defined area of responsibilities and that wasn't so much the case in EAP.

LUNDY: Yes, but in EAP the regional organizations were evolving very rapidly. The organizations you mentioned in Europe for the most part traced their origins to the early years following World War II. East Asia was coming into its own, and its share of world trade was increasing rapidly, whereas Europe's relative share of international commerce was declining gradually. Because of East Asia's rapid evolution, it was a more exciting

place to work.

Q: OK, anything else about your two years there in EAP/economic policy?

LUNDY: No I think we covered it pretty well.

Q: OK where did you go from there in '81?

LUNDY: In 1981, I went back overseas after six years in Washington. I was again lucky; I went to Seoul as economic counselor. I was not a member of the Senior Foreign Service at that time, and the position was classified as a senior job. I was lucky to get it. I was in Korea during a period when many things were happening. The Korean economy was growing very rapidly, and these boom times were encouraging political change as well. I had a very satisfying three years there.

Q: I suppose being in the EAP bureau in Washington helped you to move from your previous job on to Seoul. You were known to the bureau, certainly.

LUNDY: I would have had little chance of getting the job without the bureau's support. As it happened, I was assigned rather late in the 1981 assignment cycle because they had to try to find a senior officer for the job. In those days the bureaus had more power in the assignments process than was the case a few years later when I worked in personnel. It wasn't so much that the bureau was holding out for me as that the candidates personnel suggested for the job seemed not to be especially impressed with Korea. Outside of East Asia how fast Korea was growing was not generally recognized. Perhaps the type of senior officer the bureau would have liked for the job did not think it would be sufficiently career enhancing. I almost lost the job because the bureau's first choice was offered the economic counselor slot either in Cairo or Seoul. Luckily for me, he picked Cairo.

Q: Seoul was probably a better job in many ways at that time.

LUNDY: Perhaps, but that would be debatable; in the wake of the Camp David accords, we were increasing our aid program in Egypt enormously. He may have found the issues there more interesting. .

Q: Yes, it wasn't too long after Camp David.

LUNDY: Right.

Q: And some of the other developments that were taking place.

LUNDY: And as part of the deal we had offered Egypt an enormous amount of economic assistance.

Q: OK, so you went to Seoul in 1981 at the beginning of the Reagan administration. You did not have Korean language training?

LUNDY: No, I did not. I took morning classes at the Embassy, but I did not get beyond formal greetings and a few useful words and phrases in Korean.

Q: Was that a problem?

LUNDY: Not really. There was only one language officer position in the econ section in Seoul, and he used Korean infrequently. South Korea is one of these places where they begin learning English very early in elementary school, and students continue studying it at nearly every educational level. Those with whom I needed to work in the government and the financial and business sectors all spoke English. Many of them had been educated at the undergraduate or graduate level in this country. It would not have been worthwhile to take off the necessary two years to reach a useful level in Korean in terms of how it might have enhanced my job effectiveness in the country.

Q: OK, why don't you talk a little bit about the size of the economic section and...

LUNDY: Besides me, there were only three full time officers: an officer who concentrated on the financial reporting and the banking sector, another responsible for foreign trade and industrial developments and much of the macro-economic reporting, a junior officer who backed everyone up and did the bits and pieces such as civil aviation, maritime affairs, telecommunications reporting etc. It was another place where there were so many things going on that we could keep busy just putting out the brush fires, doing whatever the needs of the occasion demanded. From time to time we crossed over to do each others jobs. We were all very, very busy.

Q: Now to what extent were you responsible for commercial work?

LUNDY: I wasn't responsible for commercial work at all except that all of the economic officers helped out with commercial work because there was so much business interest in Korea. Frequently visiting businessmen wanted to see both the economic and commercial counselors and maybe the ambassador or the DCM as well. We had no trouble developing and maintaining a good relationship with the commercial section, which was staffed by a commercial counselor, an FCS officer, and either three or four commercial officers. They were as big or bigger than the economic section, but we managed, I think, to have a reasonable working relationship. There was also a full time agricultural attaché whose position later was raised to counselor status.

Q: And both the commercial counselor and the agricultural attaché reported directly to the DCM?

LUNDY: Yes, not to me.

Q: And was there still a residual AID presence of some sort?

LUNDY: The last AID officer in Seoul had left about three months before I arrived. Four AID local employees remained, and they came under the supervision of the economic section.

Q: Who worked for the economic section or for these other commercial and...?

LUNDY: No, they were part of the economic section. One of the officers in the section was responsible for supervising them, and they reported through him directly to me. Eventually those jobs were phased out. As people retired they were not replaced.

Q: OK, why don't you say who the DCM and ambassador were at the time that you were there?

LUNDY: Most of the time our DCM was Paul Cleveland, a good manager unafraid to delegate, an experienced highly competent officer who later became ambassador to New Zealand and then to Malaysia. All of his overseas service was in EAP. The ambassador was a political appointee, Richard L. Walker. Again, I was very fortunate in the people for whom I was working. They were first class professionals. Ambassador Walker had been head of the International Relations Department at the University of South Carolina, but he was not without bureaucratic experience. He had held various temporary appointments, some of them involving short overseas assignments with the CIA, but as I understand it these were overt arrangements under contract in no way involving clandestine work. His specialty was East Asia; he was well qualified to be Ambassador to South Korea. His academic background was Ivy League, Harvard and Yale. He apparently never felt comfortable in New England--perhaps his political inclinations were a little too far to the right. He had started the international relations program at the University of South Carolina, which had been a big success. He had been chairman of the first President Bush's 1980 campaign in South Carolina. Vice President Bush, I'm sure, used his influence to get him the appointment as ambassador to Korea. He was a well known East Asian scholar and had written a number of books.

Q: OK, why don't we just pause for a minute and turn this over. I think you've pretty much given the setting for your assignment to Seoul. Why don't you talk some about some of the issues and your relations with the government, what you did, how you did it?

LUNDY: We did standard economic and financial reporting. The banking and insurance sectors presented interesting challenges. South Korea was willing to open up its economy, but only gradually. It had followed pretty much the Japan pattern of export led economic growth strongly guided by government policy. At that time the country was still groping for a peaceful means of transition from authoritarian rule to a more open and more democratic society. In the three years I was there South Korea did not succeed in completing the transition, but certain steps were taken. The foreign business community in Seoul for the most part consisted of unhappy campers. They felt that the government

was much too restrictive. They knew South Korea was a place where money could be made. Most American firms were having notable success, but their aim always is to urge the U.S. Government to do more in their behalf. This is understandable, but not always feasible. The American bankers were especially unhappy. The Koreans were glad to have representative offices and even some foreign branch banking, but only on their terms. The banking sector urged the Koreans to remove all restrictions on foreign banks which would enable them to make a great deal more money.

This was the period of the developing country debt crises throughout the world, but Korea was not one of the countries with a serious foreign debt problem. Many of our visitors, however, were American bankers wanting to see for themselves that this was a country to which it was still safe to lend money. Other business visitors wanted to be reassured that equity investment in Korea remained viable.

There was a big problem with our agricultural trade with Korea in which I was very much involved. This was both a bureaucratic and a political problem. It dated back to 1980 when Korea suffered from a very cold, wet summer which reduced the all important rice crop. The Rice Growers Association of California had contracted to plant in 1981 a great deal of rice acceptable to the Korean palate which would not be easy to sell elsewhere. It turned out they planted more rice than the Koreans wanted to buy. They had over estimated their needs. The weather in 1981 was very favorable for rice growing. They produced...

Q: In Korea?

LUNDY: In Korea. They produced more rice than they expected, and needed to import less.

Q: Probably a good year in California too?

LUNDY: Yes, a very good year in California as well. The rice growers of California had a surplus, which they thought the Koreans were obligated to buy at a price that the rice growers of California would set. The Koreans didn't think so; they thought they should get a better price and not have to buy more rice than they needed. This caused disagreement between the Departments of State and Agriculture. We felt that Agriculture was simply representing the interests of the California rice growers. They did have a side to the argument, but requiring the Koreans to buy rice they didn't need would create a problem in US/Korea relations. The rice was marketable elsewhere but not at the price that the California rice growers thought they were going to get in Korea. The disagreement continued to escalate. There were many American visitors to Seoul representing both sides of the dispute, those defending the California rice growers and lawyers representing the Koreans. My relations with the agricultural counselor deteriorated. He was taking orders from the Department of Agriculture; the embassy was receiving instructions from the Department of State. Things were eventually worked out, but not without some broken crockery. The dispute eventually reached the courts. I don't

think that the Rice Growers of California ever received any redress for the money they felt they had lost. I am inclined to believe this simply meant they didn't make the kind of profits they expected from the deal.

Q: Were there other trade policy disputes, issues that you got involved with at that period in terms of Korean exports to the United States or other trade negotiations?

LUNDY: Textile exports to the U.S. were a continuing problem. There was a bi-lateral agreement setting annual quotas for our imports of garments from Korea. Our negotiators came to Seoul. There also were representatives of the textile industry, the hangers on who came hoping to influence the negotiations from the periphery. The Koreans were getting into the steel industry in a big way, and there was pressure from U.S. steel companies to keep export levels down. We had one economic section local employee who did nothing whatsoever but monitor the various categories of Korean steel exports to the USA. This was a lady with indispensable detailed knowledge of trade data.

Q: Were you along with others in the embassy quite involved with the American business representatives in Korea?

LUNDY: All the time.

Q: Were they organized as an American Chamber of Commerce?

LUNDY: They had a very good organization with a full-time executive director, Brick Krause, a retired Army brigadier general. Most resident American business representatives were knowledgeable, experienced individuals. There also were a very large number of Congressional visitors; they always wanted to meet with the U.S. business community. We had regular monthly meetings with American bankers in Seoul to keep each other abreast of current developments.

Q: And you were probably used as control officer for quite a few of those delegations?

LUNDY: Yes, or someone in the economic section was.

Q: To what extent, if any, did you take an interest in what was happening in North Korea?

LUNDY: Hardly at all. What little we knew about North Korea was handled by the political section where one officer followed developments in North Korea. At that period in history perhaps only Albania was as closed a society as North Korea. Hardly any information filtered across the border.

Q: To what extent were you involved with South Korea's external economic relations other than with the United States, with China with other parts of the world?

LUNDY: One of the economic section officers made some excellent contacts on South Korea/Mainland China trade. We did some reporting which was much appreciated in Washington. Two-way trade between Mainland China and South Korea was just beginning, and very little was known about it. Back then there was some political opposition in South Korea to trade with China which stemmed from memories of the Korean War. Now the two countries are huge trading partners.

Q: How about South Korea economic relations with Japan, with Russia?

LUNDY: We reported on South Korea's other economic relationships, but we in no way could have any direct involvement with them. Unhappily, Korea had a growing trade surplus with the U.S. which was used to finance the country's very large trade deficit with Japan. This was the same pattern as Taiwan's. The American trade deficit with Japan also was gigantic, but the Japanese were not opening their markets to anyone.

Q: To the Koreans or anybody else?

LUNDY: Yes, not for manufactured goods, not to Korea or any other country.

Q: To what extent had the Koreans begun to use their surplus with the U.S. to buy U.S. Treasury bonds or other financial instruments?

LUNDY: They were not doing much of that when I was there, but we were starting to see the early beginnings of equity investment in the U.S. Plans were being made to move some of their automobile production to America as the Japanese already were doing. These were carried out after I left the country.

Q: Did the South Korean's host any major international economic organizations or conferences, meetings when you were there?

LUNDY: No, Korea was not a major center for international meetings or regional headquarters. The big event while I was there was the announcement Korea's bid to host the 1988 summer Olympics had won. The games, of course, did not take place until four years after I had left, but the Koreans were ecstatic, particularly because they had won over the Japanese--Osaka/Kobe was one of several finalists. National morale received a tremendous boost.

There were Arab visitors to South Korea. Many Koreans were working abroad in the Middle East. Needless to say, Korea wanted to attract Arab capital. Many Arabs came to Korea for various training programs. There also were numerous Nigerian visitors.

Q: Where were they getting their petroleum imports in that period, the Middle East mostly?

LUNDY: Probably mostly from the Middle East, as was and is the case with Japan. It is

sometimes very hard to identify the origin of petroleum imports, however.

Q: I was in Japan around 1960-'61, at the time that the Japanese were gearing up for the 1964 Olympics in Tokyo, and I remember not only the euphoria, the sense of prestige and honor but the incentive that gave to build highways, to build hotels, to create infrastructure, to try to...and that went on for years before the actual Olympics. I don't know if that happened in South Korea during the period...?

LUNDY: It was not so noticeable while I was there, but I remember reading about grandiose plans. Construction and other infrastructure improvements accelerated quite a bit as the time drew nearer. They built an entire Olympic village. A new international airport was opened, more hotels were built. There were not so many tourists while I was there, but no doubt that sector has grown as well.

Q: The American visitors were mostly business visitors then?

LUNDY: Yes, mostly business visitors. They also tried hard to attract Korean War veterans with a campaign called "Reunion in Korea." Korean Air Lines offered incentive packages with special rates.

Q: What U.S. airline access was there to Korea? Were aviation negotiations a major problem for you?

LUNDY: No, not a big problem. Northwest had most of the market; United kept talking about coming in but never did. Pan Am had service to Korea for awhile.

Q: And not yet United, because I think United went in later?

LUNDY: Not yet, United had a representative there, but service had not started.

Q: You could report on the Korean economy from the capital in Seoul, but obviously elements of the industrial strength were outside of the capital?

LUNDY: A great deal of it was in the South, around Pusan, to which I made several trips. Their biggest steel mill was on the coast north and east of Pusan. I traveled quite a bit officially and on a personal basis. Korea is a relatively small country; I went to all the province capitals at one time or another. I also took part in retreats on various aspects of economic development and/or Korea/U.S. economic relations. Sometimes these were sponsored by U.S. business, but more often they were organized by a very enterprising USIA Public Affairs Officer, Bernard Lavin.

Q: We had a consulate at the time in Pusan?

LUNDY: We opened a consulate in Pusan while I was there.

Q: But they weren't doing much economic reporting?

LUNDY: Not quite true. In fact, an economic officer was our first representative at the new office. I had little supervisory responsibility but did write the officer's efficiency report. The post was not called a consulate at first; it was known as the Pusan Branch of the American Embassy economic section. The status of the office was elevated to consulate early in 1984. We continued to maintain a USIA branch office in Pusan. We also had USIA branch public affairs offices in Taegu and in Kwangju.

Q: And you got up to the DMZ (Demilitarized Zone) I suppose but never into North Korea?

LUNDY: Never into North Korea. My one trip to the DMZ was with my family on a special tour offered to civilian officials posted in Korea. There was no possibility in those days of going to North Korea. It was some years later when American officials began to travel to the North for special negotiations. We are still trying to work out a way to normalize relations with North Korea. Since I left there, an enormous amount of economic interaction between North and South Korea has occurred. The big South Korean conglomerates have invested in manufacturing in the North.

Q: OK, anything else? It sounds like a good assignment, and interesting...

LUNDY: It was an excellent assignment.

Q: A good ambassador a good DCM and...

LUNDY: A superb work situation, I could not have asked for anything better.

Q: And living in Seoul was all right?

LUNDY: Living in Seoul was very, very pleasant. The USG had invested in housing there early on. We lived right downtown, about a ten-minute walk from the embassy.

Q: From an embassy owned house?

LUNDY: From an embassy owned house. There were two embassy compounds within ten minutes or less of the embassy. The other one was a little closer.

Q: And you were in a compound?

LUNDY: I was in a compound. It was the only time I've ever lived in an American compound, the only time we did not have foreign neighbors living close by.

Q: But you didn't feel particularly isolated?

LUNDY: No, we didn't. Representationally, it was never a problem; you simply had to give the guards at the gate a list of your guests, and they would be admitted after showing some identification. Our compound was near the center of town, close to most of the Korean government ministries and the business district. Much of my representational entertaining was carried out with small lunches at home.

Q: For government officials?

LUNDY: Government officials mostly, but some other South Korean contacts as well. I frequently needed to give small luncheons for visiting Americans.

Q: And access to both government officials and business was fairly easy?

LUNDY: First class.

Q: No problems?

LUNDY: No problems at all. Their doors were always open to Americans. Korea was dependent on the U.S. for military assistance in case of another North Korean attack, and we continued to deploy combat troops in the country. While it was to their advantage to maintain good relations with the USA, the Koreans in economic negotiations could be very tough indeed. There was always open communication, however, good working relationships. There was a U.S.-South Korean joint economic commission which kept us talking to each other slightly above the operational level.

Q: At the cabinet level or sub-cabinet?

LUNDY: Sub-cabinet and assistant secretary level. There were enough inevitable problems in a growing bilateral economic relationship to justify this kind of semiformal official mechanism. It enabled busy higher level officials to get to know each other and develop understanding for each others' concerns. Enhanced communications were a benefit to both sides.

Q: And would that commission try to meet once a year in either Korea or the U.S.?

LUNDY: Yes. In 1983, I came back once to Washington to participate as a member of the U.S. delegation.

Q: Anything else about your time in Korea? Things were really booming in the Korean economy, and Korea's economic place in the world was expanding. I suppose you could only anticipate that would continue at the time you left, but later on there were problems. To what extent did you begin to sense some of the problems at the time you were there?

LUNDY: I'm not sure which problems you are referring to?

Q: The debt crisis that effected Thailand and Southeast Asia and I think Korea.

LUNDY: No, I can't say we anticipated those problems which came later, in the late '90's after my retirement. One of the main things that worried us while I was in Seoul was the debt position of the big conglomerates and their relationship to the central government. Depending on the definition, there were nine or ten of these huge diversified companies. The largest and best known were Hyundai, Samsung, and Daewoo. Most of them were heavily in debt to the Korean government, which of course gave the government considerable leverage in keeping the conglomerates in line. We used to say that in the USA most of these companies wouldn't have been able to stay in business; they would have gone bankrupt. We wondered whether the system was not so fragile it might collapse or at least get into serious difficulty. Throughout, however, the Koreans seem to have managed it quite well. Sometime after I left, the government did let one or two of the conglomerates go under. The general feeling was that they made examples out of a couple of the weaker ones to encourage the others to clean up their act. The South Korean economy continues to thrive. As has been the case with Japan, the unique relationship between government and the private sector seems to have functioned well. It has its disadvantages, its drawbacks, but in the East Asian context it works. One can't argue with success.

Q: OK, anything else about your time in Seoul from '81-'84?

LUNDY: I think we covered it. Professionally, those were my happiest years.

Q: OK, where did you go from there?

LUNDY: I was hoping to go back to the East Asia bureau; I had wanted to be director of the economic policy office, which I had left three years earlier. The assistant secretary at the time, however, chose someone else for the job. This is another example of how much easier it is to work out your onward assignment while in the Department rather than from overseas. I went to the Bureau of Personnel for two years; I was assigned as senior counselor for economic officers in the old Office of Foreign Service Counseling and Assignments, of which you later were director. That was a much more interesting job than I thought it would be. I learned a great deal about the personnel system and found somewhat to my surprise that it works pretty well.

Q: Yeah, I think all of us with personnel experience had a similar feeling as we learned the lessons we wish we had learned somewhat earlier in our careers.

LUNDY: I agree wholeheartedly.

Q: You sat on panels, you made assignments, you participated in making assignments, you did career counseling, I don't think we need to get into all of that other than your overall conclusion, or anything else you want to say about that assignment?

LUNDY: It was not very demanding. It was one of the easiest Foreign Service jobs I ever had in that I didn't have to spend long hours of overtime at the office. I certainly liked that aspect of it. There were only two of us doing mid-career economic cone counseling. There was really only about a job and a half there for the two of us. However, we were extremely busy during the first half of the year when most assignments are made. The other half of the year we had to look for something to do. It was a very collegial office, a good work situation. Both office directors I worked under were outstanding.

The depressing part of the job was the amount of time spent with people who could be helped very little, if at all. Both my deputies had a better job than I did in the sense that the lower ranking an officer is the more you can do in helping that officer with career decisions. The most important thing you can do for the more senior officers (i.e. FS-1 and above) is to keep them informed about possible job openings, particularly where they are likely to be most competitive. The more senior you are, the more your next assignment is determined by corridor reputation. Officers unable to sell themselves when they are seeking a job cannot be helped very much by their career counselors.

In the end, of course, people have to be assigned and jobs filled. "Everybody has to be somewhere" was a cardinal rule of the bureau. When unassigned to a real job, an officer is assigned "over complement" to the Office of the Director General for personnel. These are the hall walkers, and usually there are only a few in that category. The rumor mill tends always to exaggerate their number. The real problem cases involve those whom embassies or Washington offices may say, "well sorry, but I would rather have a vacancy than that person". There is only a certain amount of time you can spend with the most difficult cases. It is not inspiring work; that was the down side of the job.

Q: You mentioned earlier, I think it was when you were in the East Asia Pacific Bureau, that the geographic bureaus had more influence in assignments than they did later on. What would you say about your relations as economic career counselor with the Economic Bureau and with the geographic bureaus in general?

LUNDY: The Economic Bureau did not have very much influence on overseas assignments or Washington jobs outside its own bureau. The geographic bureaus had tended in the past (and probably still do to some extent) to prefer people experienced in the particular regional bureau. They wanted to retain people with area expertise and simply move them to different posts within the area covered by the bureau and assign them to that regional bureau when they came back to Washington.

There was a strong feeling, however, that the same people were getting the cushier assignments, particularly in East Asia and of course in Western Europe, and that this wasn't fair. The personnel system was trying to promote more equity in the assignments process. New policies were implemented requiring that Foreign Service personnel spend a certain amount of their careers at what were called "hardship" posts. Korea until a few years before I arrived there had been considered a hardship post; it certainly was not by the time I was assigned. My first three assignments, however, were to hardship posts, i.e.

Colombo, Saigon, and New Delhi. Tehran became a hardship post shortly after we left because of the deteriorating security situation. Unpleasant living conditions, climatic extremes, mounting terrorism or internal strife, and poor medical facilities were among factors determining classification as a hardship post. Employees assigned to these posts were paid a differential amounting to ten to 25 percent of their base salaries.

The idea was that if you had not had a “hardship” post recently it was now your turn, rather than going to London or Paris or Tokyo. We were able with some success to assign employees who had not had recent hardship tours to some of the less desirable posts and some with plenty of hardship service to places considered more desirable. I should add that not every officer by any means who had served primarily in hardship tours wanted to take a job at a non-hardship post. A specialist in Sub-Saharan Africa perfectly content to remain in the region certainly was not forced to go to Western Europe. We usually were successful in assigning those desiring a change somewhere else, however. This often could be accomplished within regional bureaus. A number of East Asian and Latin American posts are not “hardship” but many are. The regional bureaus for the most part took this policy innovation in stride and were prepared to be flexible. This also was called the “fair share” exercise and was probably long overdue.

Q: You mentioned there were two strong directors of the office. I know that Bill Swing was the second one, who was the first?

LUNDY: The first one was Arthur Tienken. Both had been ambassadors.

Q: And your deputy, did you have a couple of different deputies or...?

LUNDY: I had two different ones: Dave Peashock and Paul Wackerbarth. In the counseling divisions, which were only two or three officers, the idea was to make sure that the number one and the number two positions changed in alternate years because there is a certain amount of technical knowledge needed for personnel operations. A division chief could either learn from his deputy or train him or her.

Q: Was the computer world beginning while you were there?

LUNDY: Yes, it was well started. At that time we had state of the art equipment. The WANG system was still as good as anything available. It soon became obsolete, however, and was updated grudgingly and slowly sometime after I had moved on. E-mail between posts and the Department had not started while I was in my first tour in personnel, but later on came into frequent use.

Q: E-mail within the office?

LUNDY: E-mail within the office, yes, we had a local area network. One on one communication with clients assigned overseas was mainly by telephone. Anyone assigned to a personnel job had to be sure to arrive at the office early because of frequent calls

from overseas at eight o'clock.

Q: OK, anything else you want to say about your two years in career development and economic officers?

LUNDY: No, I don't think so. I would recommend a personnel assignment to anybody sure that the personnel system functions poorly. Serving there is a valuable learning experience.

Q: OK where did you go from there in '86?

LUNDY: I went to the Africa bureau as director of the economic policy office. This was a totally different geographic area for me, but it also turned out to be an excellent assignment.

Q: Similar role and function to what the office in the East Asian bureau does?

LUNDY: Similar role not so much a similar function. I had worked a great deal on trade and investment policies and problems in East Asia. In Sub-Saharan Africa these things just were not happening. Africa was not then and still is not a booming area. We were doing what we could to promote more trade with the region and encourage U.S. investment, but the opportunities for expansion were limited. The most important thing in our relationship with Sub-Saharan Africa was aid, both humanitarian and economic. We worked more closely with AID than with any other agency.

Q: In terms of your work with AID what was the nature of that work, was it developing, working on country programs, strategies or problem solving?

LUNDY: All of the above. The main point of conflict was that AID tended to want us to allocate foreign assistance based strictly on a country's economic performance. We felt that political factors also had to be taken into consideration, and that involved working out compromises. Much of our time was spent on fighting for resources for Africa. Sub-Saharan Africa never has been very high on our list of priorities. Much attention was paid to Nigeria because of its important oil reserves. The Cold War was still on; we were trying hard to reduce Soviet and Cuban influence in Africa. South Africa was important as a source of various commodities but also because the political situation was evolving. The humanitarian aspect of our aid program in Africa tended to receive considerable attention. Recurrent famines in the area caused by natural disasters are a continuing problem.

Q: South Africa and Nigeria were the two most important countries?

LUNDY: Yes. These were the only two countries in which senior officers were assigned to the embassies as economic counselors. At those posts, the counselor would have two or three full-time FSO assistants. At several other larger posts the economic section was

headed by an FSO-1 with one other economic officer assigned. Most posts were smaller with one mid-career or junior economic officer. At the smallest embassies, economic-commercial work might be done part-time by an officer with consular or political responsibilities as well. Very few embassies had any Foreign Commercial Service presence. There were only a few Agriculture attaches and no one representing Treasury. However, in countries where we had big aid programs, the AID staff might be fairly sizable. Serving in Africa could be quite career enhancing. Economic officers could acquire experience in all phases of economic and commercial work.

An important function of our economic policy staff in the bureau was simply keeping the posts informed of economic policy developments from the Washington perspective. We sent out a weekly roundup report. I started this in the Africa bureau, basing it on a similar exercise in the East Asia Pacific bureau.

Q: Things that were happening elsewhere in Africa?

LUNDY: Yes, important happenings in the region, but more important things that were happening in the Washington bureaucracy...

Q: That would affect Africa?

LUNDY: That would affect Africa, that we felt our posts needed to know about.

Q: I would like to talk about South Africa for just a little bit. I don't remember this, you were in this office '86-'89. At what point did the U.S. Congressional embargo as anti-apartheid action take place? It was about in this period I believe?

LUNDY: I wasn't particularly involved with that. There were various efforts to pressure South Africa into more rapid internal political change, but trade was still fairly open when I was in the bureau. During the one trip I made to South Africa, I was impressed by the seeming determination expressed by Africans I met not to permit economic deterioration to occur, once apartheid had ended and majority rule attained, as it had in most newly independent Sun Saharan Africa countries.

I was also impressed with the amount of interchange, interaction between the European community in South Africa and the native Africans. Apartheid was odious in every way, but it did not seem to be as rigid as I had expected. I saw whites and blacks patronizing and socializing in the same restaurants and bars in Johannesburg; this was the sort of thing one almost never saw in the Southeastern USA, where I grew up, before the late 1950s. As it has turned out, the transition from white to majority rule in South Africa has occurred much more peacefully than most of us dared hope.

Did U.S. Government pressure and well publicized private sector trade and investment boycotts have any effect on South Africa? We will never know to what extent, but I think such actions did make a positive contribution to political change. Our influence over

events in South Africa always was quite limited. I think we managed the bilateral relationship with South Africa reasonably intelligently throughout the apartheid period and during the transition. With our huge oil imports from Nigeria subtracted, our trade relationship with South Africa was the most important in Sub-Saharan Africa, but Africa as a whole is not a large export market for the U.S. It is much smaller than with any other important region of the world.

Q: You traveled once to South Africa; you made other trips to other parts of Africa or...?

LUNDY: Yes, I made a fairly extensive trip at least once a year. In addition to these three annual trips, I went out with a trade delegation to Kenya and Cote d'Ivoire, sponsored by the Department of Agriculture. In 1988, we held an economic-commercial officers conference in Zimbabwe. In all, I visited at least once about half the countries encompassed by the Africa bureau.

Q: Was the economic policy staff involved with any continent wide economic organizations, if there are any, such as the African Development Bank or some of the sub-regional groupings such as ECOWAS (Economic Community of West African States)?

LUNDY: Not very much. The African Development Bank is not nearly as large or as important as the Asian Development Bank. We don't even have our own executive director position there; we share one with the British. However, on a visit to Abidjan, I did make a call at the African Development Bank. In Washington, we maintained frequent contact with officials dealing with Africa in the World Bank group and at the International Monetary Fund.

Q: How big was the economic policy staff, as big as you had in East Asia Pacific or a lot smaller? Or about the same size?

LUNDY: It was about the same size, i.e. usually seven officers, and we were all fully employed. While we concentrated more on aid, we covered every aspect of U.S. economic relations with the area. One officer's full-time job was humanitarian assistance under Public Law-480. We worked with volunteer organizations helping Africa as well. There was plenty of interest in Africa, in spite of the fact that there were not big sums of money to be made there. We worked closely with the African Development Foundation in Washington, which was partly privately and partly officially funded. .

Q: Were there economic officers on some of the geographic desks or was...?

LUNDY: All the geographic desks had some economic officers, yes.

Q: But probably over all less than say in EAP (East Asian and Pacific Affairs).

LUNDY: Much less than EAP. In AF there are only four country offices covering all of

Sub-Saharan Africa. The northern most tier of countries with Mediterranean coastlines are in the NEA bureau. The four country desks were West Africa, East Africa, Central Africa and Southern Africa. Their staffs were fairly large, but in many cases a desk officer was responsible for more than one country. The continent was Balkanized after colonial rule ended. The British tried to set up two federations, one in eastern Africa and another in southern Africa during the decolonization period, but neither was a success. The result was many small, not really viable countries. In some of the smallest, we have no resident official representation at all. In such cases (assuming we officially recognize the country) a U.S. ambassador assigned to a capital in a nearby country will be accredited concurrently and visit from time to time. We want to maintain an official tie and have some idea what is happening in a country even where we have no resident official presence.

Q: And was there a deputy assistant secretary that you reported to who was primarily responsible for economic affairs as in the East Asian bureau?

LUNDY: Yes, and that DAS usually had an AID background.

Q: With AID career experience?

LUNDY: Yes. Princeton Lyman, who eventually became an ambassador, was the DAS when I was hired; he was replaced by Roy Stacy for whom I worked most of the time I was in the bureau. Both originally were AID officers. To replace Roy Stacy, they brought over a woman from the White House staff, Alison Rosenberg. While she was on maternity leave, after I left the economic policy staff, I was acting DAS. I was never apparently a serious contender for the job which, needless to say, I would have liked to have had. Alison was certainly very well qualified; she eventually became assistant AID administrator for Africa. I don't want to get on a soap box about affirmative action, but all bureaus at that time were required to have at least one female DAS. There being no other woman at the DAS level in AF, I think that requirement did have something to do with her appointment. She and I got along fine during the few months I worked directly for her.

Q: So she left on maternity leave, you took her place for that period and then she came back...?

LUNDY: She came back.

Q: And you were acting DAS for what, three or four months?

LUNDY: Four months I think, that's what I remember.

Q: And that was...?

LUNDY: Roughly September through December of 1989.

Q: So early in the first Bush administration, and the assistant secretary was?

LUNDY: The assistant secretary was Chet Crocker, a Reagan appointee, when I first came to the bureau. He was replaced by a career FSO, an outstanding former ambassador, Hank Cohen.

Q: Were either of them, Crocker or Cohen or both, particularly interested in the economic dimension that you were concerned with, or did they have so many political issues, Angola, South Africa...?

LUNDY: Most of their time was spent on political issues, but they were interested in economic issues and certainly wanted to be kept informed. The principal Deputy Assistant Secretary every week met with the AID assistant administrator for Africa and several of his staff. The econ DAS, I, and my deputy also attended. While we discussed economic issues at some length, the main purpose of these meetings was to keep senior AID personnel working on Africa abreast of political developments and overall U.S. policy toward the area.

Q: And you would attend those meetings as the economic policy chief?

LUNDY: Yes, and the AF/EPS deputy took notes and wrote up minutes of the meetings which were widely circulated in the bureau.

Q: And that would take place once a week?

LUNDY: Every week, every Friday.

Q: OK, anything else about your three years or so in AF (Africa)?

LUNDY: I would like to add the state of cooperation between State and AID was really quite good. We did work together.

Q: And AID had some good people involved with Africa?

LUNDY: Yes, some very talented officers, most with quite a bit of African experience. There were bureaucratic problems, but no more than might be expected. Channels of communication always remained open.

Q: And to what extent were you back stopping the economic officers in embassies abroad? You mentioned that you would send out a weekly highlights cable; did they sort of look to you as some of the key people who were reading their reporting?

LUNDY: Yes, I'm sure they did.

Q: OK, we were talking about the end of your assignment in 1989 or thereabouts to the African bureau, as economic policy staff director, anything else you want to say about your time in AF that we haven't covered?

LUNDY: I was very impressed by the professionalism of the bureau. An officer who chooses to specialize in African affairs knows that his or her chance to become an ambassador, because of the multiplicity of countries, is greater than in other geographic bureaus. But that is not the only motivation by any means. There is a very dedicated corps of Africa specialists. I was fortunate to work with a group of people for whom I have great admiration and respect. Africa was an entirely new area for me. I was lucky to have had the opportunity to work for three and a half years in the bureau.

Q: A good summary. Where did you go from there then?

LUNDY: I was floundering around, having trouble finding a job. For personal reasons, mainly because of responsibilities to the elder generation in both our families, my wife and I did not feel we should go overseas. My wife had no sibling support. My sister was taking care of our mother, but I did not want to go overseas alone. I was recruited for the Board of Examiners, where I spent the next two and a half years. I knew this was not a good career move, but felt it was my best alternative. Another promotion was most unlikely in any case, but I was not ready to retire. I found I enjoyed those years at BEX. The work is not demanding, but it is interesting. I enjoyed the U.S. travel to several cities where the Foreign Service exam is given.

Q: OK and after that, that was '90-'92 and in '92?

LUNDY: In 1992, I still was not quite ready to retire. To be frank, the Senior Foreign Service (along with the Senior Executive Service) had received a big pay raise in early 1991, and my retirement income would be quite a bit higher after spending at least three years at the higher rate. We still had the same family reasons for not wishing to serve abroad. No one was rushing to offer me another Washington job, however. Rather late in the 1992 assignment cycle, someone mentioned to me that director of the office of retirement and career transition remained open. I put my name forward for the job and was supported by the Director General, Ed Perkins. The assignment was for two years which would give me the additional time I wanted.

Q: Well I know it has to do with annuities and retired people; I'm not sure about the career transition part of it. What does that mean?

LUNDY: The office consisted of two divisions, retirement and career transition, which had been combined a few years earlier; it was not a particularly happy marriage. Both divisions were staffed mainly by civil servants who knew what they were doing and required little supervision. Nevertheless, having a Foreign Service Officer as office director seemed to be to everyone's advantage. Someone was needed who understood the unique Foreign Service retirement system and could bring perspective to the offices

whose Civil Service staffs were mostly technocrats with rather narrow specialties. The Career Transition Center was located in a State annex in North Arlington between Clarendon and Virginia Square, while the retirement division remained at Main State. AID and USIA Foreign Service personnel also come under the Foreign Service Act meaning we all are covered by the same retirement system. The retirement division staff worked closely with retirement specialists in both agencies.

The career transition division was a smaller office. It was established, I believe, in the early 1980s. Creation of the office was inspired by a tightening of the rules for the Foreign Service up or out system. Unlike the Civil Service, Foreign Service personnel can be fired if not promoted after a fixed number of years at the same grade. We were beginning to lose more and more people while still in their forties to mandatory retirement. There was a strong feeling that we should do more to help officers who had to retire earlier than they wished. The office did have some success in helping retirees find second careers. The program also gave them an additional three months at full salary to look for onward employment.

Q: Then eventually I guess it was relocated to the Foreign Service institute?

LUNDY: Yes and it was...

Q: At least part of it.

LUNDY: The Career Transition Center became part of the Foreign Service Institute which was not a completely happy marriage either. However, it made some sense because the program involved four weeks of training covering how to find a job, how to write a resume, how to identify and highlight your own skills, honing your job interview skills, etc. After I had moved on, the Career Transition Center was moved to the new National Foreign Affairs Training Center (NAFTAC) campus. The Retirement Office, which reverted to its old separate status, was moved out of the State Department building into State Annex I in Columbia Plaza along with the medical division and several other offices providing services to State Department personnel.

Q: I went through the career transition program in 1993 when you were office director.

LUNDY: I remember that.

Q: You remember that? I remember at the time it was located near Virginia Square, and I guess it was part then of the Director General's operation, the bureau of personnel.

LUNDY: We reported directly to one of the deputy....

Q: Your office.

LUNDY: Deputy assistant secretaries in personnel, I guess they were called that, the

Director General's three deputies.

Q: OK, all right, anything else?

LUNDY: I didn't find the job very inspiring in that well qualified Civil Service professionals essentially ran both offices. The main thing I could do to make myself moderately useful was to keep them informed about what was going on in the DG's office, such as on broader personnel policies outside their specialties and be available when they needed me in bureaucratic struggles of one kind or another. Even if I had wanted to micro manage the office I could not have done so because I lacked the technical expertise. I was not fully employed and much of the time felt superfluous, but by then I had slowed down and could live with not having enough to do. I suppose I was reasonably successful in the job and was even asked to stay on for a third year, but clearly the time for retirement had come.

Q: So you went into the career transition program yourself at some point?

LUNDY: No, I didn't. I had learned as much as I was ever going to about retirement and career transition in those two years and saw no reason to burden the U.S. government with three more months of paying me for doing nothing. As far as my own future was concerned, I had decided that I wanted to work part-time. For me the classification/declassification program was ideal. Unassigned senior officers were encouraged to take "short tours" in that office which was under the Administration Bureau. I did so for five months, postponing retirement until early February, 1995. I was one of four or five officers who worked in that program for a short time just before retiring. I had hoped to be called back within a few months to continue the same work on a part-time basis.

Q: After you retired?

LUNDY: Yes, after retiring. My timing, however, was poor because there was a hiring freeze dating back to early 1994 in the Administration Bureau for newly retired officers. Processing of additional retirees to enter the program did not restart until late 1996. Top secret security clearances had to be updated.

Q: That affected you even though you already had worked in the declassification program?

LUNDY: Yes, I was not offered any work until June, 1997. The program obviously is not high priority; the paper work was predictably slow. I was among the first whom they hired after the hiring freeze was lifted. I have continued to work there part-time for the past eight years.

Q: OK, anything else you want to say about looking back on your career that started in 1960? You retired in 1995, after 35 years or thereabout? About half abroad and half in

Washington.

LUNDY: A little more than half in Washington actually. No, only that if I had it to do all over again I would choose the same career.

Q: OK, and you would recommend it to some younger person, though these days FSOs don't necessarily have to be much younger.

LUNDY: No, and that's one of the big changes of recent years. We can hire people up to age 59, the only requirement being they must have six years remaining to work before they reach the mandatory retirement age of 65. When I was at BEX (Board of Examiners for the Foreign Service) I remember someone passing the Foreign Service oral exam who was older than I was. In the interview that followed, I strongly recommended to the successful candidate that he consider carefully whether he might have trouble adjusting to working as a junior officer. I have wondered whether he actually entered on duty and, if so, how his experience turned out.

I would recommend the Foreign Service very highly to anyone dedicated to a career in international affairs, but with the caveat that making a personal adjustment probably is much more difficult now than when I entered in 1960. Residing abroad always has been somewhat tough on family life. Increases in the number of two career families have exacerbated family problems. Today, more and more Foreign Service employees are married to each other. I give the Department of State a great deal of credit for trying to adjust the assignment process to accommodate both careers, but this is not always possible. "Tandem couples" as two career families are called are more likely to be assigned to larger, often more desirable, posts where both can work. This has caused some grumbling among single employees and employees whose spouses choose not to work.

I should add that quite a bit of progress also has been made in providing work at posts for spouses who are not career Foreign Service employees, more often wives than husbands of course, by placing them in positions which otherwise might be occupied by an American professional or a local employee. For example, overseas American schools often are willing employers of spouses seeking employment. From necessity, the State Department has turned out to be admirably flexible, but it is impossible to meet everyone's needs in every assignment.

Q: That is to say, for two career families the non-employee wife or husband often can't work in their career field, they may have to take what's available and that the Department, even though making a major effort to broaden possible choices cannot always succeed?

LUNDY: Yes, and I might add that we have worked with other agencies, such as AID and CIA, to synchronize assignments abroad. Opportunities to find good matches were eased a bit when USIA became an integral part of the Department of State.

I do not mean to over emphasize any of these difficulties but do want to stress they should be taken into account by anyone pursuing a Foreign Service career.

Q: OK, well unless you have something else you want to say I think we will bring this to a close and thank you very much.

End of interview