

INTERVIEW OF EUGENE B. MIHALY

by Howard P. Willens

November 9, 1994

- Willens: Eugene B. Mihaly is a colleague of mine from many years ago and has graciously agreed to be interviewed with respect to the project relating to Micronesia. Gene, thank you very much for being available. I wonder if we might begin by your giving me a little background of your education and your professional experience before you became associated with the Micronesian negotiations.
- Mihaly: At the time I made the connection, I was in a dual role at the University of California at Berkeley. I was Associate Director of the Institute of International Studies and also a member of the political science faculty, having started there in early 1970 and having come from a six-year stint in the federal government—four years in positions of increasing responsibility in the Peace Corps, ending up with running the Asian Bureau, and being in charge later of a central planning order that they had and prior to that in AID. Before that I had been a graduate student in international relations and got my degree.
- Willens: I did note that there was a Peace Corps stage of your life. Did your responsibilities at the Peace Corps embrace its operation in Micronesia?
- Mihaly: They did, but it was very brief. I came back from an assignment in Africa in 1969, and became the Deputy Regional Director for East Asia-Pacific which encompasses Micronesia. And then Acting Director, so I dealt on that basis with some of what was going on. But then we got McKenzie and this monstrous new office was created, and because I resisted so mightily, I was moved into another area.
- Willens: When did that happen?
- Mihaly: I can't quite remember. I'd say October of 1969.
- Willens: As you undoubtedly know, the role of the Peace Corps in Micronesia became the subject of considerable controversy during the Nixon Administration. Even during the prior Administration, there were regular complaints from the Trust Territory Administration that the Peace Corps volunteers were too political and intruding inappropriately in the affairs of the High Commissioner. Did you form any judgment while you were at the Peace Corps as to the functioning of the Peace Corps in Micronesia?
- Mihaly: Well, now that you mention it, I recall going up to the Hill to talk to Patsy Mink and to Tom Foley about this. I was there on sort of fire-fighting missions and one of the complaints had been made about one or another of the Peace Corps volunteers, usually lawyers if I recall. It's hard to recall what my ideological position at the time was. But I suspect that it was that they should go for it, and that this was a absurd situation that the U.S. wasn't handling very well; and that a little bit of shaking of the tree was probably healthy. But that may be hindsight more than what I really felt at the time. Obviously as an official of the organization, my role was to put out the fire. I recall both Tom Foley and Patsy Mink were irritated at the way the Administration was trying to clamp down on these volunteers.
- Willens: Were they basically supportive of the Peace Corps effort in Micronesia?
- Mihaly: Yes, as I recall they were very much so.

- Willens: Who do you recall being the key Peace Corps officials with responsibility in Micronesia?
- Mihaly: We had a director out there; I think his name was Tom Clark.
- Willens: The name of Ross Prichard figured in the documents; is he the person?
- Mihaly: Prichard I remember. I wasn't in that job long enough to get out there myself, so I was viewing it pretty much from cable-drafting and a couple of fires that came out, that burst out, so I really can't say much more than that about it. Had I stayed in that job and not gone onto this other thing, I would have focused on it, but I really didn't.
- Willens: How did you come to be retained by Lazarus Salii as a consultant?
- Mihaly: I think the sequence is as follows: When I went to Berkeley, maybe because the result of my Peace Corps experience, I became intrigued by the Trust Territory and its political evolution and I wrote an article which later appeared in *Foreign Affairs*.
- Willens: Was that the 1974 article titled "Tremors in the Western Pacific," or something of that sort?
- Mihaly: Yes, now, maybe in the conduct of the research for that, I went to Micronesia. I think I may have gotten a little grant or something, and I went to Micronesia and began to talk to the political cast of characters. Whether I had already published something that gave me a patina of respectability, or maybe it was just the Berkeley name, but whatever, Lazarus Salii invited me in late 1970, or early 1971, to come in as an advisor along with a very nice New Zealander named Jim, oh what's his name
- Willens: Was that Davidson or was that Gladwin?
- Mihaly: Yes, Davidson.
- Willens: The earliest reference I have seen in the documents to you refers to a meeting at your house that was held on June 10, 1971. I gather from what you're telling me is that you had visited Micronesia before that date, perhaps earlier that year, in connection with research that ultimately informed you and assisted in the preparation of your article?
- Mihaly: That's right, and on either on one of those visits or a subsequent one, Lazarus asked me to serve and I started making some trips. I think that meeting in my house was after the relationship had become fairly warm.
- Willens: In the course of your visits to Micronesia before you became actively engaged, did you meet members of the negotiating team other than Mr. Salii?
- Mihaly: I think so. I think I met most of the leadership, I'm not sure.
- Willens: Do you recall any particular discussion with Salii or his negotiating colleagues as to what the present status of the negotiations was at the time?
- Mihaly: I can only impute that we've had them. They wanted to know what my mindset was, and whether and how I might be useful. I clearly had a position that evolved as a result of the preliminary research I'd done, but I'll be damned if I can remember what we talked about.
- Willens: Do you remember reviewing the papers that were exchanged at the first two rounds of negotiations?
- Mihaly: I think that they gave me a set to bring me up to date and Jim Davidson certainly debriefed me somewhat. We became very friendly, quickly.
- Willens: Had Davidson worked previously as an advisor to the Micronesian negotiating team?

- Mihaly: I think he was in before I was, but not very much before. He was brought in because of his work on the Cook Islands, and then later on this character from Hawaii, Tom Gladwin, was brought on. I really couldn't stand him.
- Willens: As I read the documents, he had some prior relationship with Truk and was viewed as a pro-independence advocate.
- Mihaly: Yes, he was. Remember, this was in waning days of our involvement in the Vietnam War, but it was a period when the American Left had become quite disenchanted with the U.S. government and with the U.S. political system, and was given to beating the country around the ears. And Tom Gladwin was very much a mainstream element there. And he approached this whole problem the imperialist U.S. was beating up on Micronesia and he had his coterie of students at the University of Hawaii who delivered that message. He was personally hostile to me and Jim, particularly to me. I think, if I'm right, he accused me of being a CIA agent on the Micronesian side and he did his best to discredit anything I might say. There's no question that I knew that this was not a negotiation between equal parties and my client had an uphill battle. And that I thought some kind of a resolution where both sides had to give a fair bit was the only thing that would work. I thought independence was an absurd option given what we have done economically to the Territory that is, we had made independence an impossibility, at least if it involved anything resembling the kind of standards of living that we had become accustomed to. And that's what I said to him, you can have independence but it's going to be impoverished independence, or you can come up with something which is tit for tat the U.S. gets its military interests fulfilled and you get access to U.S. financial assistance. Tom Gladwin dismissed all that and really believed I don't know what he really believed. I found him very cynical. I thought he was a disingenuous, dishonest guy.
- Willens: How long did he remain as a consultant?
- Mihaly: I don't think he was around very long and I never quite understood what game Lazarus was playing by having him there. I think it was a sop to his own independence stake. I don't think Lazarus ever seriously considered the independence option either, but he had to deal with it as a political reality. Whether Tom was foisted on him, or whether he went out and got Tom because it would make it look like he had a balanced team, I don't know.
- Willens: What responsibilities were you personally given?
- Mihaly: It wasn't that organized.
- Willens: Let me ask it another way, how were your responsibilities different, if at all, from those of Professor Davidson and Professor Gladwin?
- Mihaly: I think political advisors in a situation like this tend to be perceived to have a point of view. When there's great interest in that point of view, then there's a lot of use of the advisor; and when there isn't, there isn't. Jim was, I believe, perceived to be very good on the mechanics of free association because that was what he had done in the Cook Islands. I was perceived to have a balanced view of the way the U.S. government functioned; and I think I was viewed as somebody who was looking for a way to get them the best possible deal. Tom was seen as an advocate of a position, period. During the period, roughly a year that I was really involved, I was somebody who Lazarus was in pretty steady touch with by phone and I went out from time to time. He ran some of his thinking past me, but he was incapable of being totally straight. It's not the way he was constituted as a person.

Willens: How would you describe him as a person and assess his role as a principal figure in these negotiations?

Mihaly: He was a guy who wanted to be straight. I think he had some very good instincts. He really wanted to do this job well. I think he assumed that there would be a political payoff, but I think it wasn't only that that motivated him. He, I think, had a bit of Hamlet in him in several respects. First of all, he found it difficult to select a course and then stick with it. A lot of agonizing and a lot of capacity for depression and melancholy. He wanted to be warm, but he was frequently blocked from it, and I don't know if he had many friends. When his suicide was announced, I wasn't surprised. He was a man who wanted to play a big role on a big stage and was cast on a small stage.

Willens: Why do you describe it as a small stage?

Mihaly: Well, Micronesia is a small stage. And he saw it as a small stage. He was very well aware that there was always the risk of comic opera to the whole thing.

Willens: Did he ever express sentiments to you along that line?

Mihaly: I think so. I mean, he knew what was at stake—the future of a hundred thousand people, and that was not trivial, and of his home. But he had no illusions as to Micronesia being a major player on the world stage and he knew that in terms of the U.S. public he was dealing with a very small leverage. I remember when I took him to see Clark Clifford.

Willens: Was this before the Clifford firm in the person of Paul Warnke was retained?

Mihaly: That was my purpose. I had decided that my utility was diminishing; they really needed a good Washington representative cum lawyer and for the reasons I can't recall, I just decided that we should talk to Clark Clifford. So we talked to Clifford, who brought in Paul Warnke. Clifford was extremely arrogant (as is his style) and treated Lazarus as if he was some native with a loincloth on. What was interesting to me was that Lazarus really didn't put him down—he should have. He was a little awed and acted like “I'm a small country boy from a small place.” I just wanted to reach over and say: “Lazarus, for Christ sakes, stand up and tell this son-of-a-bitch to behave himself.”

Willens: How did Paul Warnke react to Lazarus?

Mihaly: Very civilized. And I think they got along well, starting then.

Willens: The first mention I see of Paul's firm is in late 1971. Would that tie in with your recollection of when you concluded retention of a lawyer would be useful?

Mihaly: Yes. I'm trying to remember whether Paul was at the Hana meeting. I think he was, I'm not sure.

Willens: I don't think he was, but we'll check that out.

Mihaly: Maybe what I decided was that I considered the Hana meeting kind of a failure. It may have been at that point that I decided there really needed to be some horse power in Washington to protect these people.

Willens: When you first took on the assignment as a consultant for the Micronesians, did you feel there was any serious difference of views within the Micronesian delegation as to their objectives?

Mihaly: Oh, yes. Within that status committee, you have the Marianas guys, who were clearly thinking of or headed toward a separate commonwealth-type of arrangement.

- Willens: Did you ever meet with Ed Pangelinan and Herman Q. Guerrero, who were (I believe) the representatives on the Micronesian negotiating team? Did you ever meet with them separately and discuss with them their different aspirations?
- Mihaly: I think I did. But whether I did or not, they managed to convey to me, or I certainly received the signal that their view was quite distinct from the others. And then of the others, I would say there were at least two blocs—very vaguely defined blocs those who wanted to carve out a third new way, something resembling the free association context, and those who, whether they really believed in independence or not, wanted to take a very hot line.
- Willens: Who would fall in that latter category?
- Mihaly: If I remember, it was the Trukese and occasionally the Marshalls. What's his name from the Marshalls, who later became President?
- Willens: Amata Kabua.
- Mihaly: Yes. I always suspected him of not meaning a word he said on the subject.
- Willens: You think that he may have been advancing an independence position from time to time as a strategic way of ultimately getting some separate status for the Marshalls?
- Mihaly: I think so. Or maybe initially not necessarily getting a separate status for the Marshalls. Because I think he had visions of being President of greater Micronesia. But of playing with the independence option—thinking that it could be handled and that my assumptions were wrong. Namely, that they could have independence and their cake as well.
- Willens: Would that be on the theory that the United States could be persuaded to pay a substantial rental for land that would offset the economic disadvantages that Micronesia otherwise had?
- Mihaly: Let me make a general point. Most small countries, and most big countries, think that they're the center of the world. If you go to Israel, all you read about in the press is what happens in Israel, clearly the center of the universe. Micronesia was the center of their universe and one of the results of that kind of perspective is that they really thought that they were terribly important to the Defense Department and to our national security interests. And that we would pay an absolute fortune for this incredibly valuable, absolutely essential to our Pacific strategy, set of potential bases. So there was a lot of real nonsense floating around about the hundreds and hundreds of millions that we would pay and that we would make all kinds of concessions rather than lose access. I did try to say: "Look, some of this stuff is nice, and I think the Defense Department really does want some of it, but I don't think they want it terribly badly. They want to keep everybody else out. That, they care about a lot. But I don't see an enormous expansion in Kwajalein and I suppose, in the final analysis, if Kwajalein had to be replaced, it could have been." The Marianas was probably comprised of the most interesting piece of military turf. And the rest of it was very, you know, the tropical big deal.
- Willens: Well, in your 1974 article you questioned the need for any substantial U.S. presence in Micronesia over and above the power of denial. And I gather from what you say that you tried to bring a dash of realism to the Micronesians that you were advising as to how much they really could expect the United States to pay.
- Mihaly: As I recall now, they were thinking in terms of billions, and with billions the independence option would have been a lot more attractive.

Willens: Well, from time to time, one sees in the materials an effort by the Micronesians to suggest that independence also would be available because Japan would be able and willing to provide the financial support. Was that a view that you heard within the Micronesian Delegation?

Mihaly: Well, it came up and I think particularly from the Trukese. I always thought it was nonsense. First all, the Japanese wouldn't cross us.

Willens: Us being the United States.

Mihaly: Us being the United States and I could see that Japanese business was already coming into Guam and no doubt there would be some interest in the Trust Territory. But again the potential was so small in our eyes. First, for fishing they really didn't need anything except permission, and they were going to pay for the permission maybe, but not a hell of a lot. The oil fields hadn't been discovered yet, nor had the vast deposits of gold and platinum; and nobody had yet discovered a way to convert copra into Chanel No. 5. So as I tried to figure it out, even if the Japanese were interested, their interest would be on such a penny-ante scale it wouldn't do what they needed. They needed something pretty substantial because of the standard of living that they had.

Willens: You mentioned earlier that U.S. policy during the 1960s had really placed the Micronesians in a position where independence without substantial external support would drive them back toward more of a subsistence economy. Did you have any reservations in your mind in the early 1970s as to the wisdom of the U.S. policy in the 1960s to try to bring modest American standards of health and education to Micronesia?

Mihaly: Yes, I did, though I didn't have clever alternatives as to how we might have done it. I think the policy was well-motivated. The Kennedy Administration came in, found this nice little island group that we were ignoring and started spending. They didn't have to spend a lot, or pay much attention, to wreak absolute havoc on the economy. Because what they did was hire everybody and hire them on salaries that were much too close to American standards and nowhere near reflective of the current productivity levels or local standards. And you know the result; it was a civil service economy, which is fine as long as somebody keeps on funding it. You can hire everybody in the whole Territory and everybody serving everybody else is fine as long as there's a source of revenue that's external. There just wasn't a tax base, there was no internal source and there didn't look to be.

Willens: I guess the thrust of your previous comments is that the independence advocates among the Micronesians, to the extent that they were serious, were not prepared to revert to a subsistence economy but thought that they could obtain the necessary financial support from other sources.

Mihaly: I think so. I think that there was among them, if I recall correctly, this almost universal view that they were of such an enormous value to the U.S. that blackmail or some other device there would be a revenue base.

Willens: You mentioned the two Marianas representatives. Could you give me your best recollection today of how Ed Pangelinan and Herman Q. Guerrero came across to you?

Mihaly: I remember Ed being quite bright and Herman being quiet.

Willens: They were basically fairly young at the time. Ed Pangelinan graduated from Howard University Law School in the late 1960s and then found himself upon his return to Saipan rather promptly thrust into an elective position in the Congress of Micronesia.

- Mihaly: I remember being somewhat impressed by the fact that they were really playing a dual role and they did it with some degree of grace mainly the ground rule in the Joint Committee was: "We'll all stick together and negotiate with the U.S. and get the best we can for the Territory, but we all recognize that the Marianas feel different. And you guys from the Marianas go along with us and, if necessary, we'll go along with you later on." So, as an outsider, the best as I can see it, and I know that I wasn't really focused on it so I couldn't see everything, those two fellows played this kind of dual track role nicely. They did try to be very helpful and supportive. It wasn't a case of constantly running around the backs of your colleagues talking to the U.S., in effect betraying their colleagues. They didn't do it. They were pretty straight.
- Willens: Was it your sense within the Micronesian delegation that the representatives from the different districts felt constrained by their perception of what the political leadership back in their home district wanted them to accomplish?
- Mihaly: You would think so, but I didn't sense that. I got the impression that this wasn't like ambassadors sent forth with negotiating instructions: "Go out and get the best you can get and don't screw us up." And of course they had to come back and get clearance, but I had the sense that these fellows had a lot of latitude. In some cases it was very idiosyncratic. There was this wonderful guy from Yap, John . . .
- Willens: . . . Mangefel
- Mihaly: Yes. I remember when he went to testify in Washington; he was there in a suit, he put his attache case down and when he opened it up, and all of a sudden there were betel plants, not one piece of paper.
- Willens: Was that seen by any of the members of the committee?
- Mihaly: Somebody must have. They couldn't see it because of the lid. Somebody must have been looking at this bright, interesting guy. They were winging it, by the way.
- Willens: Every so often in the documents generated on the U.S. side, there was doubt expressed about whether the Micronesian delegation in fact was representative of Micronesian sentiment. To some extent there were those within the U.S. agencies who were hoping that they were not representative of the sentiment; and there were others who would say the Micronesian people typically would follow their leadership and that, if the result of the negotiation was approved by the Congress of Micronesia, it would be accepted by the people. Do you have any reactions to that particular issue?
- Mihaly: My sense was any deal that those guys could have found acceptable they could have sold at home. Obviously, I have no polling data on which to base that. These were very small communities and there was really representative democracy, fairly pure form. I mean these were people selected by others who knew them and by a local power structure that had confidence in them. There was real consensus politics and they were sent there I think because they were among the better educated and more able. And I had no doubt that pretty much anything could have been sold. Now, with the exception of the Marianas. If the deal had been worked out and had led to de facto agreement on free association, I don't know if the Marianas would have bought into it.
- Willens: As of the spring of 1971 when you became actively involved, nearly a year had passed since the May 1970 negotiations. It was at that time that the Micronesians articulated for the first time the Four Principles.
- Mihaly: Yes, which I was trying to remember.

- Willens: The U.S. position at that May 1970 session was on the whole resistant to acknowledging that those Four Principles were elements of the Micronesian position that they had to deal with. So since that time, the agencies within the United States government had regrouped and formulated a complicated set of negotiating alternatives. Haydn Williams was appointed in March of 1971 and his terms of reference and the negotiating strategy were approved by the White House in the spring and summer of 1971. So at the time you became involved, nearly a year had passed. Did you have any sense as to what Sali thought was the appropriate next step, given the U.S. resistance to discussing the Four Principles or free association?
- Mihaly: If I recall, I think Lazarus felt that the U.S. was slowly coming realistically to grips with this decolonization problem. And that it had started out almost with a sort of "What are these unimportant characters in this unimportant territory doing bothering us," to a much more focused and realistic view. And that time was somewhat on his side, in that the U.S. position was improving as the rest of the government began to consider not only defense interests but also the fact that we really did have an obligation and that it was going to be looked at in New York. I don't think he had illusions as to how far he could go, but certainly by keeping at it with a degree of steadiness he could push and create an evolution of American thinking. And I, this may be self-congratulation, I don't know, I think he found me partially useful in that I could talk to the American side to give it a sense that these guys were serious. Yes, it's a small place but these were legitimate aspirations and they weren't going to be bullied.
- Willens: Did you ever come to understand exactly why the U.S. representatives were so reluctant to discuss the free association alternative that was advanced by the Micronesians as early as 1969?
- Mihaly: I think, first of all, it was something new. Governments don't like new things. Yes, it had been done in the Cook Islands, but nobody really knew about that and whether it was working. You know, people know about territories, they know about commonwealths if you had one, and they know about independence. And here is this hybrid, so the first problem was that it hadn't been invented here. The second problem was, I think, Defense was very worried that it might lose control somehow or other of this potentially useful real estate. I think Defense was thinking of it as something we put in reserve, a kind of savings account approach to it. That it could be mucked up and therefore become unusable if these people really had that much control over their own destiny. And thirdly, there was the issue of termination. Free association wasn't free if you couldn't get out of it. If you could get out of it, thought the people in Defense, you could walk away and say: "Screw you U.S., we're going to invite Japan, Russia, whomever, to fish in our waters and fly up from the air bases you built." And that's really what it was. And I think, I've never heard them say it, but my guess is that Kissinger, if he ever thought about this, must have said: "Why are you letting these people screw us around? This is nonsense. Find some way to tie them to our apron strings and let's be done with it."
- Willens: Well, actually that's an interesting point. In the course of one of my recent interviews, I was asking about Kissinger's personal role in this in late 1969, where Kissinger basically overruled the recommendations coming out of the NSC Under Secretaries Committee and insisted that the U.S. proceed more cautiously, and reassert what was then in essence an organic act that would make Micronesia an unincorporated territory of the United States like Guam and American Samoa. By directing that that strategy be adhered to, he really forced the agencies to make a proposal to the Micronesians that they knew was going to be rejected and that might complicate, as they did, the negotiations.

- Mihaly: When was that?
- Willens: That happened in late 1969 before the second round of negotiations. Harrison Loesch, the Assistant Secretary of Interior, who was the chief person responsible in that Department, then travelled to Micronesia to offer this proposal and reoffer it during the May 1970 negotiations when it was termed a "Commonwealth Proposal." But in any event, to the extent Dr. Kissinger became personally involved, he did adhere to the view that one should insist that United States interests could best be achieved by permanent relationship of the kind that the Micronesians were not receptive to. It was only later that some consideration was given to free association. Let's go then to what I will characterize as the first meeting in which you may have participated at your home involving Senator Salii, Congressman Silk and Haydn Williams. Had you had any professional dealings with Haydn Williams before that evening?
- Mihaly: Well, oh sure, I'd come to know him, if I recall correctly, before he took on the role of negotiator. But we didn't know each other that well. Silk, I don't remember at all.
- Willens: You recall his playing any kind of an active role in the negotiations?
- Mihaly: No, I don't. I saw his name last night when I was reading this stuff. I was trying to conjure up his face. I couldn't do it.
- Willens: He seems always to have been a quiet participant in meetings, letting Mr. Salii carry the ball.
- Mihaly: Well, there was always the question in my mind to what extent Lazarus was really operating a solo thing, and to what extent he was consulting and really speaking what his colleagues had agreed that he could say. And when he showed up with these different guys, it was always the question well, are these guys watchdogs, helpers, or baggage.
- Willens: Well, did the Micronesian delegation have a mode of operation that would involve a meeting of all of them at which you would be present during which they would discuss alternatives?
- Mihaly: Sometimes yes, and sometimes I wouldn't be invited, you know. It was all rather helter-skelter. Lazarus was an erratic chairman. He didn't have a sort of fixed modus operandi. He winged it a lot. So I suspected that they gave him a lot of room because they didn't want to bother either. You know, this is a case of a bunch of guys who had other things to do, whether they were important or not is another issue. And Lazarus played a role analogous to Haydn. That is, he did a lot of stuff solely. Haydn had much more baggage.
- Willens: What would you say would be the strengths that Haydn Williams brought to this assignment, and the second question, of course, would be what would be his weaknesses that he brought to this assignment as chief negotiator for the United States.
- Mihaly: Well, he certainly, I think, knew what he could easily sell in Washington and what would be difficult to sell in Washington. Haydn is an insider even though he was brought in from an outside position. That is, he had been inside about 20 years before, and the Asia Foundation at that time was pretty organically linked to the government. So his access was pretty good and his sense of the possible was pretty good. Where I think Haydn was limited and really failed was he didn't have much of a feel for the Micronesians. He wasn't really able to put himself at all in their shoes and look at the problems from their point of view. The best analogy I can think of is it was as if he was speaking the same language as they, but he didn't understand the meaning that they assigned to many of the words, and he didn't have the ability to sort of relax and laugh. It was a classic encounter between American-style and Asian-style, if you will, of stretching things to call the Trust Territory

Asian, in the sense that the Asians, if you're going to generalize at all, operate very much on the basis of personal relationships and want to go through certain kinds of social forms before they get down to business. And Haydn was just sort of always business.

Willens: Do you think that the Micronesians felt comfortable in dealing with someone who had this lofty status of an Ambassador and the President's Personal Representative?

Mihaly: I think that they were somewhat pleased that there was such a figure and they took him seriously. And they didn't dislike him. And I think they recognized that he really did speak for the U.S. and that he accurately reflected, particularly Defense things. Where I think they had doubts is where I had doubts. Namely, was Haydn more than a spokesman? Did Haydn really have the ability to receive a message that wasn't expected and then go back inside and do something about it? Was he willing and able? I think they had doubts. They just didn't know whether they were essentially listening to a reporter.

Willens: There were occasions where he did go back and play an active role in forcing reexamination of U.S. policy and, on occasion, obtaining changes in his instructions to accommodate the Micronesians.

Mihaly: I think he did and, if I recall, over time that was understood. I think it was a question of degree.

Willens: As I understand it, you don't have any particular recollection of the social evening (as it is described) at your house.

Mihaly: Well, I read the notes, the American notes, and it sounds like, it was very social and then the Micronesians tried to make it not social and Haydn didn't want to talk.

Willens: Well, apparently as I understand this U.S. report, they delivered a letter sometime during the evening and then Haydn basically sent the letter back to the United States to the Inter-Agency Group, still then at that point chaired by Assistant Secretary Loesch and asked for guidance with respect to it. The thrust of the Micronesian letter was in essence a demand that the U.S. inform the Micronesians whether they now had a position different than the "Commonwealth Proposal" and were they prepared to accept the Four Principles in essence. Did you play any role in the drafting of that letter?

Mihaly: Damned if I remember. I probably did. I think I did.

Willens: You've re-read this U.S. report of the discussion that Haydn then went on to have the next day. Incidentally, were you present the next day when Williams responded to the letter?

Mihaly: I think I was, yes.

Willens: Was there anything in this report of the conversation that is inconsistent with your recollection?

Mihaly: No. I don't remember much happening.

Willens: One thing that Haydn Williams emphasized was that there had been a prior agreement that there would be no formal position papers exchanged and that there would be informal discussions during the next round of negotiations. Why was that important?

Mihaly: Well, Lazarus was trying to say: "Look, if you guys haven't moved, why are you bothering?" And he was testy. And there was a part of his character that wanted to say: "Go to hell. If you haven't got any more than you had the last time, don't bother me." And what Haydn was trying to do was wiggle, to keep the talk going without saying anything, and I think his position was: "Well, let's not lock ourselves into anything." It's not an unreasonable position to take, given his obvious instructions.

- Willens: He also was very new to the job at that point.
- Mihaly: I think he probably rightfully gave the signal—don't try to paint me into a corner right away because it won't do anybody any good. I don't remember whether that's what happened, but it strikes me as being logical and I can't believe that I didn't say to Lazarus: "Let's give this guy some space."
- Willens: Certainly, at the end of the discussion (that's under Tab 5 and on page 4), the report indicates that Haydn Williams was prepared to tell the Micronesians that the United States was reviewing the entire matter and wished to have an exchange of views and then (in the last paragraph on page 4), the memo states that "Salii surprised me by then saying that this was agreeable to him and that a simple indication that the U.S. had restudied its position and now wanted to resume the talks would satisfy their desire." That strikes me as somewhat different from where Salii began the meeting.
- Mihaly: Well, that is the way he operated. It was both testiness and his idea of the way you function. You start off with a really hard line. You wield your club and you go "Bang" on the table, and then, if the other side comes up with something relatively reasonable, you calm down. And I think he personally calmed down, you know his temper would go like that way up and back down again. And I'm sure I suggested to him that that was the best he was going to get, so take it. You know, at that point Haydn was saying, you know, everything's on the table. So it was obvious that not everything was negotiable, but at least he was saying: "I'm new and I want to give this thing a fresh look." And Lazarus understood that and he realized that, too, what choice did he have? If he had stuck with the original line, he would have essentially compromised anything he could have done with Haydn for quite some time.
- Willens: I guess if he had stuck to the original line, there was a considerable risk that there might not have been another round of negotiations.
- Mihaly: Exactly. And Lazarus had a stake in keeping the process going. I mean, I think a breakdown would have reflected very badly on him. Unless the U.S. had taken a position, formally taken a position, that was totally unacceptable, then he would have looked OK, but this kind of thing, he couldn't go back and say I'm breaking off because they haven't given me a formal commitment. All they're saying is that they're prepared to talk about everything. That would have been absurd.
- Willens: At the bottom of page 5 of this document, which is dated June 18, 1971, there are some concluding observations that Haydn Williams ended the memo with. He described Salii as seeming somewhat ill at ease and uncomfortable, as if the letter that he had delivered might not have represented his own views. One frequently sees this in the documents that are authored by Haydn Williams—that there's some illness at ease expressed by Salii which raises the question as to whether he is presenting views that were forced on him either by his delegation or by the Congress of Micronesia. Do you have any reaction to that?
- Mihaly: Yes, well going back to my assessment of Lazarus, I think he frequently was ill at ease with himself.
- Willens: You mean it had nothing to do with the substance of what he was presenting?
- Mihaly: Yes. I don't think there were many occasions when he was pushed into taking a position with which he was really uncomfortable. He was pretty much in charge. I can't account for the occasional ill-at-easeness except that this is a guy who I found frequently ill at ease, even when he was dealing with other people. Haydn was so focused on this as if it were a

disembodied process. On the one hand, here the U.S. with inter-agency meetings would come out with a finally drafted position. Here these guys have their betel nuts, you know, sort of sitting around a fire deciding what to do next. But Haydn didn't think of it that way. He had to have an adversary who was sort of in the same ballpark and mindset as he was. I think he never really established a decent working relationship with Lazarus maybe it would have been impossible to do so. He's a very complex, difficult human being.

Willens: There's a reference in the same paragraph to a concern or a desire on behalf of the Micronesian negotiating committee to make a progress report to the Congress of Micronesia in January of 1972 and suggested that some urgency attached to making progress before that time.

Mihaly: You had to have something. You know, what have you guys done the last year?

Willens: Well, at that time it would have been by the last year and a half.

Mihaly: Yes.

Willens: That concern is also reflected to some extent in this report of a meeting with you and Ambassador Bennett in New York in July of 1971. Did you review the Department of State memorandum under Tab 7, I guess dated July 28, 1971, reporting on your work on an article which was attached as a draft and then expressing some concerns about your observations as to the Micronesia situation?

Mihaly: Yes.

Willens: In the course of reviewing this, did it refresh your recollection as to whether you did in fact believe that there was a growth in the pro-independence sentiment in the Congress of Micronesia that brought a new sense of urgency to the negotiations?

Mihaly: Yes. I felt I don't remember this conversation at all, but I do remember feeling that the Micronesians were increasingly irritated and that there was a finite and not very long period available to come up with something that, you know, was a really finally-drafted solution. That if we screw around too long, the issue had now become sufficiently salient in Micronesian politics that hotheads would be more and more listened to, and those who were interested in coming up with a new, decently-crafted solution would be isolated.

Willens: Your sense, as you just summarized it and as reflected in this memo, was that the agitators in the Congress of Micronesia might do something wholly irrational at the session in January of 1972 that might present a new obstacle to meaningful negotiations.

Mihaly: Yes.

Willens: Is that a fair summary?

Mihaly: Yes.

Willens: Did the article that was being drafted by you at this time turn itself into the 1974 article or was it a separately published article, if you remember?

Mihaly: I can't remember.

Willens: Did you reread and edit your draft article?

Mihaly: Yes, I reread it. I had to find the Foreign Affairs article. I published this thing in a couple of forms, and I can't remember what the other one was. I think there may have been a publication of part of it in the Territory. But, all those files are buried.

Willens: Well, you'll have to organize them for your autobiography.

- Mihaly: That's right.
- Willens: Well, there is also in this memo a comment attributed to you that is also reflected in your published writings with respect to free association to the effect that free association did provide a alternative that would adequately protect U.S. defense interests.
- Mihaly: Yes.
- Willens: And that's something that you had written about and, of course, proved to be the case as events developed over the last twenty years. Did you find growing receptivity within the U.S. officialdom to that particular position?
- Mihaly: I never could tell who believed what. I tried to get out of Haydn what he really thought, but Haydn's a good bureaucrat who knew what his role was, and I had a role, and he therefore couldn't be totally candid with me. I sensed that the fellow from State, John Dorrance, found the argument invalid. I never quite knew where Bill Crowe stood, though he was very effective and he was good. He had the ability with the Micronesians that Haydn didn't.
- Willens: That was certainly our experience, however limited, with him, in the first round or two of the Marianas negotiations. He had a very good personal touch.
- Mihaly: Oh, yes. He was a charming, warm guy and they liked him. You know, they realized he was a Navy Captain and represented Defense there, but I think that he was good.
- Willens: You expressed the view also that the United States should not worry quite so much about providing the opt-out provision to the Micronesians on the grounds that it would be unlikely that they would opt out of a free association relationship that they found beneficial.
- Mihaly: Well, first of all, I thought they wouldn't opt out because I didn't really believe they had anywhere to go. And secondly, if you recall, somewhere I proposed a formula that would deal with it. I really didn't think that was all that difficult, that the Micronesians would have accepted it.
- Willens: There's reference here also to the fact that Micronesian representatives in the person of Senator Salii and Congressman Silk had appeared before the U.N. Special Committee of 24. Were you present with them when they appeared?
- Mihaly: No.
- Willens: Did you advise them one way or the other as to the utility of appearing before that particular group?
- Mihaly: God, I don't remember. But what would I have thought? I probably would have thought it was a good idea, if only to wake up people in Washington that this thing could get ugly if they didn't deal with it.
- Willens: So far as your client at the time using the levers available to them at the United Nations, that would be something that you would understand and not necessarily oppose.
- Mihaly: I'm speaking from a 1994 hindsight, but I can't think why I would have opposed it.
- Willens: After the meeting there is a letter under Tab 8 from Haydn Williams back to Senator Salii and Congressman Silk. It basically purports to summarize the previous discussions and the procedures and the agenda that will be considered at the next round of negotiations. Did Salii and you find this to be an acceptable summary of ground rules on which the two parties could agree to meet sometime in the fall of 1971?

- Mihaly: Well, it's a pretty open letter. Again, I can only compute what I thought then. It looks like Haydn was trying to pave the way for a set of negotiations which would be negotiations, which was really the question. Was the U.S. really going to negotiate or were they going to come and deliver—"Here's our first and last offer, take it or leave it." And Haydn was trying to signal: "No, that's not the way we do it."
- Willens: Lazarus Salii responded in a letter dated August 17, 1971 (under Tab 9) and this indicates that the discussion that took place on June 11, 1971 occurred in the office of Haydn Williams at the Asia Foundation. Did you help in the drafting of this response?
- Mihaly: Possibly.
- Willens: It seems on the whole to express agreement to the agenda proposed by Haydn Williams, but adding certain of these specific questions that are designed to elicit a U.S. response to each of the Four Principles. These are in essence the Four Principles that were advocated by the Micronesians at the time. Now there seems to have been a subsequent meeting and under Tab 10 there was a meeting in which you participated on August 20, 1971. It appears to have taken place after Haydn Williams returned from his trip to Micronesia. I'm not sure whether that was his first trip or a subsequent trip, but in the course of this meeting there were arrangements firmed up for the next round of negotiations. There is some reference here to a letter from Neiman Craley.
- Mihaly: I'm just trying to remember who he was.
- Willens: Neiman Craley was a former Congressman from Pennsylvania who served one term in the House of Representatives and, upon being rejected by the voters, assumed a position as a political advisor to the High Commissioner in Micronesia. And so he was viewed as someone who was knowledgeable about the U.S. system, especially attitudes in Congress, and played on the whole an active role with respect to the Trust Territory Administration, but seems not to have played a very active role in the negotiations.
- Mihaly: As a matter of fact, that reminds me that the U.S. authorities there stayed out of it.
- Willens: Did they stay out of it or were they excluded from it?
- Mihaly: Probably the latter. But I thought at the time, if I recall, it was probably in their interest to be out of it. It would have messed around with any kind of orderly administration if emotions arising from these discussions had been enveloping them, so that one day they're working well with people they had to deal with and the next day they were mad and, rather, they were sort of off on the side, playing caretaker. It was probably a good way to do it.
- Willens: Did you personally ever have any conversations with the High Commissioner or any of his staff about the negotiations?
- Mihaly: I recall meeting various people, trying to have discussions and, if I recall, they by and large wanted to stay out of it. This was signaled by: "Lovely to see you, glad to have a scotch and soda with you, but let's not talk about things."
- Willens: There is some discussion in this memorandum with respect to newspaper or media coverage of the next round of negotiations.
- Mihaly: I can remember this stuff.
- Willens: Do you have any recollection as to why that particular subject came up?
- Mihaly: I think we were worried, Haydn was worried about grandstanding. If we'd had a lot of press around, essentially an in-camera negotiation would become a public thing. One

reason Hana was picked was because it was so very isolated, at least that's why I assumed it was picked. It was Haydn's idea.

Willens: There's a reference here on page 2 to the fact that Haydn Williams thought that Salii and Dr. Mihaly "were taking a much softer line than in June with respect to the American position." Do you recall your having mellowed in the intervening few months so as to make this statement a fair assessment?

Mihaly: Well, what I remember is that it was in the same period that Haydn, in essence, signaled that he was prepared to talk and that there wasn't this kind of dismissive approach.

Willens: That's correct. By this time you had received the letter that he had written and the response that we just looked at had not yet been received by Haydn Williams. But you did have the benefit of the Williams letter so you knew that there had been agreement essentially to go forward with meaningful negotiations.

Mihaly: Yes, if I recall correctly, I think Lazarus' biggest concern was that he would be made to look like a complete dolt if everybody flew all the way across the Pacific and made that horrendous drive out to Hana and then sort of were handed a press release of what the U.S. position was and was going to be. He had to deliver a real negotiation and he needed to be convinced there was going to be one. And Haydn pretty much did it with his answer and when convinced, I think that, with worry that some things would change, Lazarus became pretty reasonable at that stage.

Willens: There's reference in this report of the meeting that Salii was expressing the intention of going to Washington and consulting with individual members of Congress before the next round of negotiations.

Mihaly: I don't know whether he did it or not. I think he did. Yes, he did. I remember.

Willens: Did you accompany him to meet with any individual members of Congress?

Mihaly: I remember meeting Spark Matsunaga. What a jerk. He regaled Lazarus with his war stories. His room number was 442, I do remember that was the military Army unit (the 442nd) which is the Nisei unit. And he was waving the U.S. flag all over the place and, in effect, saying: "What's the matter with you guys, why aren't you just coming under this wonderful flag in the corner of my office." And I can't remember who else we talked to. Oh, Phil Burton.

Willens: But what was your assessment of Phil Burton's interest in the Micronesian negotiations during the period that you were involved.

Mihaly: Phil, did you know him?

Willens: I met him several times in the course of my representation.

Mihaly: Well you know he was a volatile character and Phil always wanted to be a good guy. I think he had trouble taking this issue very seriously and in focusing, but didn't want to tell the Micronesians to stop bothering him. He was trying to say, you know, you're taken seriously, what you're saying, we're trying to be supportive of a reasonable solution to this.

Willens: He was generally perceived as being very supportive of the Micronesian position and to some extent skeptical of the Executive Branch responses to those positions.

Mihaly: Let me modify that a little bit. My sense was that Phil was very supportive of the rights of the Micronesians to have a major say of their own in their working out of their own destiny. I don't recall one way or another whether he supported the specifics of the

concepts. He certainly was very skeptical about the Administration because he thought (his view was more like mine): "Okay, we might want this stuff some day but, you know, this is bullshit. It isn't that serious of an interest and some way ought to be worked out to meet the aspirations of the Micronesians." But he didn't reallyzzz focus on the specifics of what they were arguing nor, as I recall, did he ever sort of weigh in and (either in Committee or privately) try to bring the Administration around more. I don't think he was all that focused.

Willens: He was not yet chairman of the subcommittee at the time you would have visited with him in 1971, as I recall. Well, Congressman Aspinall was defeated in 1972 as I remember. I could be mistaken in that. But he became a fairly active player in about 1971.

Mihaly: I remember several occasions, the last and most absurd of which was meeting in his hotel room here in San Francisco.

Willens: Was this during the period when you were engaged as a consultant?

Mihaly: I think it was. He wanted to see me or I wanted to see him, I can't remember which. He'd had a rough night. There were whiskey bottles all over the place, I don't know how many cigarette butts in the ashtray, the place smelled awful. Phil was a slob. He was having trouble focusing on what we were talking about.

Willens: What was the issue?

Mihaly: I can't remember. My guess is we were talking about what could be said to the Administration before the talks. I may have the timing wrong. If that's important, maybe I can check it further.

Willens: Did you keep in touch with Congressman Burton with respect to the Micronesian situation after your assignment with Salii's team ended?

Mihaly: I may have seen him after that, maybe once. Lazarus had very mixed feelings about Phil. I think, on the one hand, they knew that Phil's heart was basically in the right place but that he was really erratic and [you] couldn't count on him.

Willens: From time to time the Micronesians tried to make a point to the United States Executive Branch that they represented the Micronesian people and had also to deal with the United States Congress. Whenever the Micronesians suggested they would be dealing independently with the U.S. Congress, representatives from the Executive Branch would become concerned.

Mihaly: Oh, yes. Haydn always went into orbit whenever that was pulled out. And my advice to the Micronesians at that time was let Haydn have his tantrum; you have every right to talk to these guys.

Willens: Did you feel Lazarus Salii and the Micronesians used their access to members of the U.S. Congress advantageously?

Mihaly: Not particularly, which was one reason why I wanted to bring in Clifford. I knew that I didn't have either the connections or the geographic position to do what needed to be done. I felt that they had to really work the Hill and that their case, which was not all that easy to understand just like that, had to be made steadily, slowly, you know the way one does. They really needed somebody good and high-powered to work things.

Willens: There was also this ambivalence from time to time expressed on the part of the members of the U.S. Congress and their staff as to whether, on the one hand, they wanted to be actively part of the negotiations while the alternatives were being discussed, or alternatively

Micronesia and Dorrance was identified as the person who should take on this mission. Did you get to know him on a personal level?

Mihaly: Yes.

Willens: I've learned recently from Guam that he's deceased.

Mihaly: Yes, I think I read that.

Willens: And he did write subsequently some books and articles on the subject. What is your assessment today of his ability to report accurately what was going on?

Mihaly: Pretty good. My sense was first of all he talked to a wide spectrum. And he was liked enough and I think posed as a neutral—neutral in the sense that he wasn't a politician. Some people first didn't understand that kind of role. It was the first time they'd ever had anybody like that, and then there were some who said he was a spy. But I certainly supported him as much as I could, because this guy could be very helpful in giving Washington good intelligence about how you feel. And I thought John was fair and intelligent, decent.

Willens: He wrote a prodigious number of reports, many of which we now have. And they are very specific, very humane and, I think for the most part, very accurate and useful. That's my judgment. I need to test my judgment against those who knew him because I just met him in passing.

Mihaly: It all fits. I mean what you're saying—all of the adjectives would be, if you'd ask me to project what I would have expected of him, exactly all of that. Very decent guy who I think was slightly amused about being a Foreign Service Officer in this colonial Ruritania wondering what the hell are we doing here? I think he found it a little he had a sense of the absurd—and he found it absurd. I think, if I recall, by body language he frequently gave me the signal that he was quite sympathetic to [the Micronesian position]. That could have been a part of posturing or it could have been real, but it doesn't really matter. But I always felt that to a limited extent if I wanted to get a message to the U.S. side, John was a reliable messenger.

Willens: Did you have any dealings with Ambassador Hummel?

Mihaly: Yes, and I grew to like him. Very smart. Initially starchy kind of guy.

Willens: I've been in contact with him in an effort to interview him next week. He was somewhat resistant to the proposal, but he may agree.

Mihaly: He retired, didn't he?

Willens: Yes. He went on to a series of very impressive foreign service assignments. The records and his oral history (that I saw at Georgetown) confirm that he was very unhappy with this assignment. It was not a particularly attractive one for a career service officer and he stayed in the position only for six or eight months.

Mihaly: The guys that came into this thing were lucky in one sense, because if Haydn liked them he really went to bat. You know Haydn made Bill Crowe's career. Did you know that?

Willens: No.

Mihaly: Either while he was serving as Haydn's military whatever or immediately thereafter, Bill was passed over by the Navy promotion board for promotion to admiral, and Haydn went through the roof, went to Congress, stomped up and down, went to the Administration

and said this guy is superb, is being passed over because in effect he's too smart for these dummies.

Willens: He had a PhD as I recall.

Mihaly: Yes, and as Haydn tells the story, I never had this confirmed by Bill. But as Haydn tells the story, he got the decision reversed and got Bill rammed down the Navy's throat as an admiral, and then he just went on from doing one superb job to another. And I knew they stayed in touch. And I would have thought that Haydn did the same thing for Hummel.

Willens: What role did Hummel play during the negotiations?

Mihaly: Well, first of all, he was there as a key figure from State that permanent guy from State who clearly has the New York side of this thing in his mind.

Willens: Would Haydn give him specific assignments or issues to speak to during the negotiations?

Mihaly: If so, it wasn't clear to me or I don't remember. Certainly Art did a fair bit of talking and did so eloquently and elegantly. Very, you know, a real professional.

Willens: Did you know that Ambassador Hummel made arrangements to meet the two Marianas representatives in a graveyard in Hana during these negotiations?

Mihaly: No. I think I sensed that during those talks at Hana the U.S. side was really beginning pretty serious discussion with the Marianas guys. But I think the Marianas guys told us that.

Willens: But that's one of the key key may be too strong one of the interesting issues here is the extent to which Lazarus Salii and the other Micronesians accepted the Marianas desire for separate negotiations, which ultimately was agreed to in April of 1972. There was a statement by Salii during the third round in Hana acknowledging the different Marianas aspirations. Do you have a recollection on that point?

Mihaly: Tenuous. My recollection is (I think I said this earlier) that Lazarus and the others recognized those Marianas guys had a different perspective and were more much amenable to coming in under the U.S. wing. And that there was a kind of "You stick with us as long as you can, we hope you'll stick with us permanently." Certainly there was a hope that there would be one Micronesian state. I felt that the breaking off of the Marianas had not been inevitable—that had the U.S. side been a little more forthcoming a little earlier, that the Marianas could have been kept in; that the U.S. side really played a kind of pernicious role in [the breaking up]. I do recall feeling at Hana that Haydn was clearly playing very seriously the fragmentation card.

Willens: Well, in some of the documents Salii is quoted as saying that he accepts the view that the U.S. did not invite the separate effort by the Marianas' representatives. He is cited as saying that the fragmentation should not be attributed to the United States.

Mihaly: Yes.

Willens: There were are briefing papers that I've seen generally within the Department of State over a period of more than 10 years taking a firm position in opposition to any separate Marianas.

Mihaly: Let me elaborate on my perspective a little bit because I think it's pretty much a concern of yours. As I think I said a while ago, from the beginning of my involvement I did sense that the Marianas had a very different perspective, but I did feel there was a fighting chance that these guys could stay together. But the others from the Marshalls and Truk and so on

didn't, certainly knew the Marianas would not go for any kind of a solution that did not lead to a tight link with the U.S.. But I did feel that the free association process might fly, if it were done right. And done expeditiously. So, yes, the ideas didn't come from Haydn, that's on the American side. But my sense in Hana was that Haydn was giving up too early on the Marianas hiving off. They sort of went that way because, perhaps because he was getting a signal from the Marianas that they wanted it and also because I think he was getting a little fed up, you know. I think he saw that this thing wasn't going to get resolved quickly and in a way that would satisfy particularly what Defense wanted. The Marianas wanted to live with us in a tighter relationship, fine. And that's all myself speaking. I remember discussing with him [Haydn] but I don't remember what he said. I think, you know, he was his usual squid-like emitter of ink that I couldn't see through. I thought it was unfortunate but not a disaster. It wasn't a catastrophe.

Willens: The separate negotiations were not, in fact, agreed to until April 1972. Is it your recollection now that you could see the handwriting on the wall either during the Hana negotiations or shortly thereafter?

Mihaly: Well, as I recall that, I saw the Hana thing ultimately as a failure in that I thought we almost made it, that we were very close to agreement and that had Haydn been willing to try to push it in Washington, we could have had a deal. My sense at the time was that, having failed there, all kinds of things were going to happen. That the Marianas would hive off and that there was a good chance of the others breaking up—particularly the former.

Willens: Let me explore your sense that agreement was within reach at Hana, because that is a view that Haydn Williams expressed to me as recently as our last telephone call. Reviewing the records, however, suggests that there was a fundamental disagreement at the time on the subject of unilateral termination and that the parties had not yet even begun to discuss seriously the question of financial support.

Mihaly: As I remember, I was playing, I almost shifted a role here. I went from being an advisor to the Micronesians to try to be a broker. I think it was sort of my last gasp. In our delegation meetings I was trying to bring them to the point of recognizing that there was one issue, which was termination. I said: "Look, the finance stuff will follow. That's going to take some negotiation but it's not a big deal." So, really we're at the nub, which is the termination question, which is really what makes free association what it is. And I do remember walking around at night with Haydn and he was sort of agonizing over it.

Willens: He was what?

Mihaly: Agonizing over it and I'm saying: "Haydn, you're within a whisker. If you can get some kind of formula. You know, I put my formula on his table and on the Micronesian table. So that you can something like that, you know, it doesn't have to be this one, but something which, on the one hand, allows them to opt out but, on the other hand, it protects U.S. interests. I think it'll fly and I think they'll have a deal. And then the other stuff we can work out in future negotiations, but it will be post-basic deal." And I think he was terribly tempted. My reading at the time, and my memory of it is that he just was scared to try it. I think he agonized, should I go back to Washington and propose this, that is go back to Washington by telephone, telex, whatever. This was all discussions in bars and the front lawn and a lot of it was one-on-one with me and Haydn, and I think sometimes Art Hummel. You know, I don't want to give the impression of a clarity of remembrance that's greater than it is. But I do, sure as hell, remember feeling that we were

- within reach, you know, it was like the ball was on the six-inch line. And it was in Haydn's character.
- Willens: Was it your understanding at the time that Haydn Williams believed he did not have the authority to agree tentatively to some form of unilateral termination subject to procedures that would protect U.S. security interests?
- Mihaly: Yes, I think it was beyond his negotiating instructions and he clearly would have had to go back to Washington and say, what about this?
- Willens: Would it surprise you to know that in fact his negotiating instructions provided him with a set of negotiating alternatives that authorized him to agree to a commonwealth relationship with some form of unilateral termination?
- Mihaly: It would if they did. That's very interesting.
- Willens: The official record of negotiations that I've provided you under Tab 12 indicates that he concluded that the parties could not resolve the unilateral termination issue and that he continued to espouse the advantage to the Micronesians of the mutual consent provision.
- Mihaly: Yes, which I told the Micronesians and him as well was meaningless. Mutual consent meant that the stronger partner would say: "Yes, you can go out on a date or you can't. And if you can't, sit down, shut up, and be quiet." It's a non-starter.
- Willens: But you really did feel that the other issues of eminent domain, local self-government, and finances all could have been resolved . . .
- Mihaly: Yes.
- Willens: . . . if this overriding issue were successfully addressed?
- Mihaly: Well, if I recall what I thought, the eminent domain issue would perforce have had fallen into place if the termination issue could have been resolved, because they would have been incompatible.
- Willens: They're what?
- Mihaly: There would have been an incompatibility, a political incompatibility. I mean if the U.S. had had an exercise or right of eminent domain in the way that raked the Micronesians over the coals, why in God's name would they not terminate?
- Willens: I think it was at the Hana negotiations that the U.S. laid out with some greater specificity the precise military requirements that they had in a future Micronesia.
- Mihaly: And if I recall, this was the first time that my guys got the point that a few of us had been making, which was the desires were pretty low. You know, it was as if for a couple of years they'd been afraid of being raped, and then the potential rapist says, I'm not interested. And it was a big shock.
- Willens: But they responded favorably to the U.S. requirements?
- Mihaly: They couldn't not. The requirements were modest, they were obvious, we want to keep Kwajalein and we'd like to have, we might want to do something, in Tinian. We want to keep some right to do something in Palau, but it's not very much. You know, the Palauans had the crazy idea, what was it, of some mass naval complex involving billions. And here the U.S. said there isn't much there to do anything with. The idea the Palauans had was something screwy about vast oil storage, does that ring a bell?
- Willens: Yes.

Mihaly: And underwater or underground or, I don't know, something. Very exotic and expensive and I said: "Look, you're not that far from Guam. Therefore, they don't need it."

Willens: You made that point to the Palauans?

Mihaly: Yes. But anyway, I think that it was salutary for the U.S. to put it on the table, because then it really made a lot of the hyper views look unrealistic.

Willens: But at the same time, would not the more limited requests for land advanced by the United States suggest to the Micronesians that their financial expectations were perhaps exaggerated?

Mihaly: Yes, I think it did. I think there was some degree of disappointment. And dawning recognition that the financial stuff could be very, it was going to be a tough negotiation, and if I recall, I had been saying all along: "What you're going to get for base rent is not going to be enough. You're going to need more."

Willens: I don't understand, you're going to need more from sources other than from base rental?

Mihaly: Yes. Yes, other American sources, from the Department of Agriculture, this Department, that Department, that Defense isn't going to cover the whole thing and it would be dangerous to be totally dependent on base rental because what if the base ceases to operate.

Willens: In subsequent rounds of the Micronesian negotiations, there was a very substantial gap between what the Micronesians were seeking in terms of financial support and what the United States was willing to provide. And to some extent it looks as though there was never any really serious economic assessment by the Micronesians as to what they could responsibly request and justify.

Mihaly: Nobody, at least through my tenure, had ever hired some economic firm like Bob Nathan's to draw up the development plan on the basis on which we can figure out what our capital requirements are. Wasn't done, I didn't have the time to do it, nor did I have the skill to do it.

Willens: Did you make that point?

Mihaly: Sure.

Willens: But now, Haydn Williams does, as I've indicated, think that they were within a whisker of agreement and in fact recalls Lazarus Salii in tears . . .

Mihaly: Uh-huh, I think so.

Willens: . . . on this subject. Did you have any recollection of that incident?

Mihaly: Yes, it rings a bell. I think Lazarus felt the way I did. Let me change the football image. Forget about football. This uses a mountain climbing image. It was as if we'd all been trying to climb Mt. Everest and we were within steps of the top, and, having not reached the top, had no choice but to go down.

Willens: Did Lazarus Salii think agreement was near in that he thought the U.S. would budge off of its insistence on mutual consent or was Lazarus of the view that he thought he could get his Micronesian colleagues to agree to abandon their demand for unilateral termination?

Mihaly: I don't think, if my memory serves, he was prepared to budge on it.

Willens: He was not prepared to budge on unilateral termination?

- Mihaly: No. And I think he saw that as absolutely essential. He couldn't give that away. And I certainly supported it.
- Willens: So you and he thought that Haydn Williams was then on the verge of conceding the principle at that point?
- Mihaly: Yes, yes. No, on the verge meaning that that was Haydn's decision to make, whether he was going to go over that edge or not. Or advocate that the U.S. go over the edge. I think Lazarus and I assumed he did not have the authority.
- Willens: So what you wanted from him was an undertaking that he personally would espouse that position of unilateral termination back in Washington and try to get agreement within the Executive Branch to accede to that Micronesia request?
- Mihaly: Yes.
- Willens: Do you have any other recollections of the Hana negotiations?
- Mihaly: Well, the mood, most of the time, was pretty good.
- Willens: You did emphasize the role of informal discussions and social meetings?
- Mihaly: I don't know that. I had informal discussions. I think Lazarus had some. I don't know, what I don't recall is whether the American side was working the room, so to speak. I think Bill Crowe may have been. Bill sort of does that, he's naturally good at that.
- Willens: There was a dispute subsequently about publicity. There seemed to have been some statements by Lazarus Salii or release of statements that were publicized in Hawaii and generated some ill feeling between the delegations. Do you have any recollection of that development?
- Mihaly: Now that you say it, I think there was. Look, it ended up in disappointment, and God knows who said what to whom, but it certainly leaked out.
- Willens: And it was apparently discussed at a luncheon meeting that is referred to under Tab 15 in a memorandum dated November 16, 1971. This memorandum was prepared, I think, by Ambassador Williams and reports on a luncheon meeting at which you and Capt. Crowe were both present. Do you have any recollection of that meeting?
- Mihaly: I remember the fact that this Friends of Micronesia article came out and that somebody I knew had written it. I don't know about my being unusually tolerant of the Friends of Micronesia. I think what I felt was that under the circumstances, you know this is a colonial situation, you're going to have some people who take an extreme view.
- Willens: This also indicates on the first page that, in the second full paragraph, you reported that you had been in Washington within the last few days and met with Mr. Finney of the Clifford law firm. Would that have been your first meeting then with the Clifford law firm?
- Mihaly: I don't remember who Tom Finney was.
- Willens: He was a partner in the firm, as I recall at the time.
- Mihaly: The meeting I remember there was the one with Clifford himself and Paul. I don't remember meeting, maybe this was a two-stage process where I went and called on the firm, I think I did. I think what I did is say to Lazarus is, "Why don't I go to Washington. I'll interview a few firms. (I think I may have talked to someone at your firm.) I'll interview a few firms and then I'll see what the level of interest is. Then you come in with me and we'll talk to them together." So, maybe I saw Tom Finney, yes, that's exactly what it was.

I did see Tom Finney, who if I remember is a youngish guy. And I don't remember what other firms.

Willens: There's also an indication on page 2 of this memorandum that Salii told Ambassador Williams that the Joint Committee was preparing a report to the Congress of Micronesia and that it was going to say that the United States had again refused to agree to free association and it would recommend independence. Do you recall Salii coming away from the Third Round with that view or was he advancing this, as you've suggested, sort of as a negotiating strategy?

Mihaly: Well, I do remember that he felt like I did—that we'd almost made it but we hadn't, and that he was profoundly discouraged. Whether he was blustering at this point or not, I can't remember. I don't know why we both assumed that Haydn had missed the moment as well and that he couldn't really go further with it. I don't remember feeling what you would have thought we would have felt, namely, "OK, let's let this brew and maybe Haydn will then go in to Washington and get additional room."

Willens: That seems to be the point that Haydn Williams is making on page 3, if this is an accurate report. In the first full paragraph on page 3 it states that Ambassador Williams said that in his eyes, the Hana talks had been very fruitful and considerable progress had been made, and so forth. Then in the next paragraph he assured Salii that it was not the U.S. intention to, you know, stop with those discussions, but that they would continue to discuss further the issue of termination. So he seemed to be indicating a willingness to continue discussing, but what you're suggesting is that may not have seemed very convincing to Salii under the circumstances.

Mihaly: Yes, my recollection is that we, Lazarus and I, felt that the termination issue was a non-negotiable item from the Micronesian side and had come to the conclusion that for Haydn it was so on the American side.

Willens: I see.

Mihaly: Therefore, where were we? Now, whether we were right in that perception, I don't know, but my memory is, Haydn sort of "shall I, shall I not, shall I, shall I not" and deciding "I shall not." And my going back to Lazarus and saying, "He can't, won't, whatever, do it. He just doesn't think it's in the American national interest."

Willens: You subsequently did submit a proposal through Lazarus and it's under Tab 17. Submitted by a letter from Lazarus Salii to Haydn Williams dated December 2, 1971, and this confirms that the next round of negotiations will not take place until after the 1972 session of the Congress of Micronesia. It submits a possible formula that you developed for consideration by the United States. Do you recall ever getting a response to this proposal from Ambassador Williams or anyone else?

Mihaly: No, I don't. I don't remember one thing whatsoever. As I re-read the thing, I thought it was pretty good, and it could have worked.

Willens: It's not dissimilar from what has eventually emerged, except as I recall the proposed utilization in your proposal of international decision-makers which would be, you know, abhorrent to U.S. policy makers then and perhaps now, maybe a lesser extent now. But in terms of the guarantees that the United States has accepted in the freely-associated relationships, they are not at all dissimilar from what you proposed. Well, we basically then come to the point where I wonder how it came to be that you sort of disappeared from the scene. One of the last tabs, under Tab 18, refers to a meeting in Washington

- in which you participated in late December, 1971. At this meeting Paul Warnke was present.
- Mihaly: I think basically what happened is Paul picked up the baton and took it on from there. You know, I shot my wad really, in that I had taken a position on it. I had tried to broker something as well as I could and I think my utility was over.
- Willens: I don't understand that point, because you by this time had established (I assume) a good relationship with Salii. I'm surprised they didn't want to continue to use you from time to time, notwithstanding Warnke's entrance onto the scene.
- Mihaly: I probably should have been more upset about it at the time than I was. I have a feeling that something went wrong in my relationship with Lazarus as well. It was one of these things where you sense you've offended somebody, but you'll be damned if you can figure out how.
- Willens: Did he suggest to you that there would be no further need for your services at some point?
- Mihaly: I don't think it was ever, I don't remember ever getting a "Dear John" letter. And I never really pushed Paul, that Paul was there and suddenly I was no longer there. Maybe I should, just out of curiosity.
- Willens: But as of early 1972, you really had no further involvement in the matter?
- Mihaly: No, I don't remember when it was.
- Willens: But you had assumed the responsibility for proposing a Washington-based law firm and it may have been perceived by Salii that once you had done that, you sort of selected your successor in a way.
- Mihaly: Yes, I think he did that. And I may have even said that. I mean, I'm sure I said: "Look, I'm not in Washington, I'm not by the nature of my contacts able to do for you what good Washington counsel can do." I may have even said we almost made it, but we didn't make it, and now what you're going to have really do is lobby. You're probably not going to get any more out of Haydn, you've got to go out and build up some support on the Hill and work within the Administration.
- Willens: Did you have any further contact with Lazarus or any of the other Micronesians over the next several years?
- Mihaly: I had occasional contact with Lazarus. He wasn't very good at writing letters but we communicated a few times. I remember writing him when he became President of Palau, writing him a congratulations letter. But it was a pretty abrupt ending.
- Willens: Just in the last category of musings, you did suggest that there was, at one point, the potential to keep the various districts together under a free association umbrella. In one of your articles you mentioned the differences that had developed within the Congress of Micronesia over taxation and the sharing of resources. Do you think that a federalized system within Micronesia, given these differences among the districts, might have enabled an entity comprehending all of Micronesia to have worked?
- Mihaly: It would have taken a hell of a good constitution-writing job.
- Willens: As things developed over the next few years, it led to a growing number of serious internal disputes, principally focused on sharing resources and to some extent with the districts that were better off, like the Marianas and the Marshalls, not wanting to support in perpetuity the have-nots in Truk, Yap, and Ponape.

Mihaly: Well, that's where, I think it would only work if the U.S. had been committed to making it work. If the government at the time had said it is crazy for us to preside over the creation of X states when it would be better to want to make only two. And we're going to have to plant money in such a way as to keep the separation from crippling these states. Any country with different ethnic, linguistic or whatever groups has problems and here you not only had different ethnic and linguistic groups but they were separate and far apart with very little contact with each other. A case could always be made and I think most of the guys in the Congress felt, in the long run, a unitary state would have been better for them. But when I think back over what's happened in the rest of the world, particularly in Africa, you know, I'm not so sure that what I'm saying might have worked. But if the U.S. had been holding the ring, I think it could have been done.

Willens: Holding the ring?

Mihaly: In the sense of having and using its financial [resources] to address what may have been almost permanent imbalance. There aren't many resources. Palau now has tourism. I don't know what the Marshalls have. Really, I haven't been out there in a long time. But my sense is that they remain a backwater. That's the problem with all the Pacific islands; there just isn't much there. The temptation is to give the Japanese the right to over-fish your waters, and make some money in that. And then you're trying to get some motels in, little retail business on the side.

Willens: All right, we have to get you back to Saipan at some point.

Mihaly: Well, Saipan, of course, is exceptionally good, I gather Saipan is quite developed.

Willens: It is quite developed now. It's not without substantial social and economic problems. But the expectations for economic development there have been largely realized.

Mihaly: Yes, I gather initially tourism and then some light manufacturing.

Willens: Right, but with substantial importation of labor problems, and so forth. In any event, that concludes my interview, Gene. I appreciate very much your time and energy and good humor. Thank you.