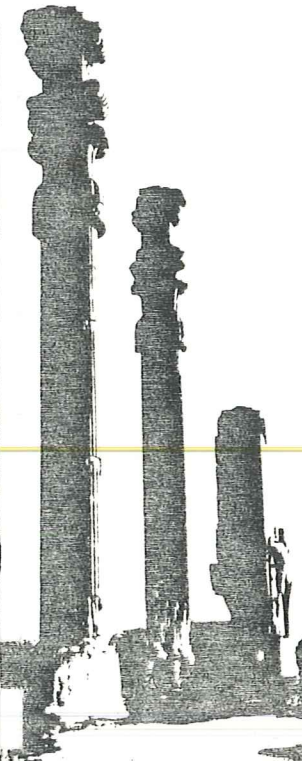


Foundation for Iranian Studies
Program of Oral History

JOHN MACY

INTERVIEWEE: JOHN MACY
INTERVIEWER: GHOLAM-REZA AFKHAMI
WASHINGTON, D.C. DECEMBER 26, 1984



COPYRIGHT © 1988 FOUNDATION FOR IRANIAN STUDIES
All rights reserved. No part of this work may be reproduced or transmitted in any form by any means, electronic or mechanical, including photocopy and recording or by any information storage or retrieval system, without permission in writing from the Oral History Office, Foundation for Iranian Studies

PREFACE

This manuscript is the product of a series of tape-recorded interviews conducted for the Oral History Program of Foundation for Iranian Studies by Gholam-Reza Afkhami with John Macy in Washington, D.C. in December 26, 1984.

Readers of this Oral History memoir should bear in mind that it is a transcript of the spoken word, and that the interviewer, narrator and editor sought to preserve the informal, conversational style that is inherent in such historical sources. Foundation for Iranian Studies is not responsible for the factual accuracy of the memoir, nor for the views expressed therein.

The manuscript may be read, quoted from and cited only by serious research scholars accredited for purposes of research by Foundation for Iranian Studies; and further, this memoir must be read in such place as is made available for purposes of research by Foundation for Iranian Studies. No reproduction of the memoir either in whole or in part may be made by microphoto, typewriter, photostat, or any other device.

BIOGRAPHICAL NOTE

Mr. John Macy is a former head of the U.S. Civil Service, and was associated with reforms in the service during the Kennedy and Johnson administrations. Later on he worked closely with David Lilienthal in IBEC. Along with Lilienthal, Mr. Macy served as advisor to a number of Iranian governmental organizations and ministries on public policy issues and concerns for rationalization and decentralization. He also was active in such projects as the Khuzestan Project, and came to work closely with a number of prominent Iranian political figures.

Michele Palmer finished 9/87

SPB

Interviewee: John Macy Interview #1

Interviewer: G.R. Afkhami Place: Washington, D.C. Date: December 26, 1984

The Foundation for Iranian Studies, the Oral History Program; interview with the Honorable John Macy, December 26, 1984, in Washington, D.C. Interviewer, G.R. Afkhami.

Q: Mr. Macy, would you be good enough to tell something about your own background and perhaps how you came to know about Iran, and what made you interested in Iran?

Macy: I would be happy to do that. Let me say, it's an honor for me to have this opportunity to talk with you on the record, about my association with Iran. My career has been one of substantial diversity. I graduated from Wesleyan University with a liberal arts degree -- a major in government and history -- in 1938. I came immediately to Washington.

At that time, the New Deal with Franklin Roosevelt was in its second term. There was widespread belief among young people at that time that the federal government could be a source for correcting some of the social and economic disabilities that the country had experienced during the Great Depression.

I came, therefore, to Washington with great enthusiasm for the programs of that particular time. I was part of a program called the Government Intern Program. I was one of a group of about fifty-five recent college graduates. We were brought to Washington under the auspices of an organization called the National Institute of Public Affairs. The internship consisted of a daytime assignment to one of the government agencies, to a member of Congress, to the

media, to pressure groups. A great variety of Washington institutions were offering us places where a recent graduate could be exposed to the ways of Washington.

My own selection was in the recently established Social Security board. The statutes had been enacted in 1935, three years earlier, and at that particular time (in 1938-1939) the Agency was in the process of setting up the administrative machinery for the implementation of that statute.

In addition to that employment assignment, the interns assembled once a week to meet with some distinguished personalities in Washington, ranging all the way from the President of the United States to his most bitter opponents in Congress, to members of the literati and to members of the media as well. We also engaged in a number of academic programs at the American University Graduate School. The program that was arranged for us was in public administration. Most of us had not had previous study in that field, so the academic background was also important.

That program ran for a year. At the end of that year, I was fortunate enough to have passed the civil service examination, and I entered the government in the Social Security Board, as an administrative assistant, at the munificent salary of two thousand dollars a year, which was substantially better than most of my contemporaries were receiving in the private sector at that time.

Certainly, after the eruption of the war in Europe, I became increasingly convinced that the United States would be involved in that war, and it was important -- if I were to be a practitioner in public administration -- that I have a greater involvement with the administrative aspects of rearmament and preparation. As a consequence, when I had an opportunity to transfer to the War Department, I did so, in November of 1940, and entered the civilian personnel field. This was really my initial launching into what became my primary

specialty, that of personnel administration (or human resource management, as it's called in this day and age).

I served in the War Department, in its civilian personnel division, for the period from November, 1940 until I was drafted into the service in June of 1943. During that period of time, the expansion of the civilian workforce within the War Department was enormous, from roughly eight hundred thousand to more than two million, so this was a very intensive experience in personnel administration. I was, fortunately, on a ladder that moved up rather rapidly. At the time I was drafted, I was an assistant director of civilian personnel. This was a bit shocking to some people -- including certain members of Congress -- who felt that a man at age twenty-five should not have a responsibility of that magnitude.

However, I was very quickly reintroduced to the more humble life as a private in the United States Air Force. I went through induction training and basic training, and then was assigned to an air base, where I was assisting -- as a private -- the head of the civilian personnel operation. After a few months, I filed for and was accepted in the officers' training program, and went through a sixteen-week intensive training, and graduated as a second lieutenant. Once again, the system followed the pattern of selecting those who had had experience for work in that same field, and I became involved in civilian personnel work with the ferrying division of the Air Transport Command. Our headquarters originally were in Cincinnati. I used to say, in a jocular vein, that "I was fighting from a foxhole at the corner of Vine and Fifth Street in Cincinnati." That was the closest I ever came to enemy fire during that period of time.

I was not assigned to an overseas post until after the War was over, and since I had been in the service a relatively short time, I did not have many points which would permit me to be demobilized. So in June of 1946, I was given an assignment -- really, my first overseas assignment, and my first assignment as an advisor. I was assigned to the U.S. group responsible for advice and assistance to the Chinese Nationalist government. The acronym

was MAGIC: The Military Advisory Group In China. As a captain in the Air Force, I was selected to advise the newly appointed Minister of National Defense in the Chinese government, to assist him in organizing his office for a combined, consolidated defense organization. Of course, this was at the same time that the civil war was continuing, and the Communist forces in the north, and with Chiang Kai-shek's government with headquarters in Nanking, where I was stationed, endeavoring to hold their own. History reveals to us that they did not hold their own until they went to Taiwan, a year after I was there. Some of my friends have teased me by saying obviously I contributed to the demise of that government.

I was there for several months. I was involved in working with general officers of the Chinese government, in the structure of the organization, to direct their total military establishment.

When I returned to the United States in the late fall of 1946, I returned to the civilian personnel office of the Secretary of War, to a position as assistant director; but I remained for only six months. During that period of time, I was convinced that the process of demobilization and of destruction of many of the organizational and personnel policies of World War Two, was not as exhilarating as the expansion period had been several years earlier.

I was attracted to the newly established Atomic Energy Commission. It had been formed by a statute passed in 1946. One of the men whom I admired most in the federal government became the chairman of the Atomic Energy Commission: That was David E. Lilienthal. I was convinced that under his leadership, there would be an appropriate emphasis upon the peacetime applications of nuclear power; that here was an opportunity to do a pioneering job in public administration, because many of the units that became a part of the Atomic Energy Commission were transferred from the military. In many cases, they had been under the command of military officials that I had known during my days in the office of the Secretary of War.

Q: Let me interrupt and ask one question, because obviously Mr. Lilienthal is later going to be of great interest to the history of Iran.

Macy: He's a major actor in their play.

Q: And this is the Atomic Energy Commission position for Mr. Lilienthal. This is directly after the T.V.A. [Tennessee Valley Authority]?

Macy: Yes. Mr. Lilienthal had been one of the founding fathers of the Tennessee Valley Authority. He had been its articulate spokesman. He had been one of its leaders, as far as policy development was concerned. He had stimulated professionals in the public administration field with the nature of the management that he exercised there. He was called upon during World War Two to utilize some of the T.V.A. facilities for the development of nuclear power, and for its applications in weapons systems. The plant at Oak Ridge, Tennessee, was largely fueled by the power systems that were developed at T.V.A., and he became one of the major authorities in the country with respect to atomic energy. He and Dean Acheson formed a small committee, under the direction of President Truman, to study just what the international control should be. It is a well-known Acheson- Lilienthal report. So he received increasing identification with atomic energy.

So when the statute was passed in 1946, he became the logical person to become the chairman, so this was another public-service experience that came out of it. As you say, he is an important figure in my story, and this was the first time that I had direct association with him. I don't pretend that he selected me at this particular time; I happened to go to the Commission because a number of the people that I had known in the War Department had become a part of that organization.

I was there only a few weeks when I was asked if I would be willing to accompany the new civilian manager to the Los Alamos Project in New Mexico. This was the most important research and development laboratory in the atomic energy system, and was in the process of converting from the military encampment to an organization which would be attractive to the top scientists in the country.

So to make a long story short: I went out there for a ninety-day assignment, and I stayed four years. I became the director of organization and personnel, assistant to the manager -- a man by the name of Colonel Tyler --

Q: This is in --

Macy: Los Alamos.

Q: Let me ask you something else. Los Alamos -- is this the same as the Manhattan Project?

Macy: Yes. Los Alamos had been selected by Robert Oppenheimer for the Manhattan District, and it was the principal research and engineering center for the bringing together of the theoretical conditions developed with respect to nuclear power and their application in a weapons system. So it was really the final phase, and the famous test at Trinity Site in New Mexico was conducted by the scientists from Los Alamos. Program was administered by the Manhattan District under a contract to the University of California, and that's where Oppenheimer had been. When they were seeking a site for the laboratory, Oppenheimer remembered that as a young man he had lived in the Rio Grande valley in New Mexico, and that there was a school at Los Alamos. The War Department proceeded to acquire that school, and that became the site of the Los Alamos laboratory. That's where the principal work was done on the weapons that were eventually dropped upon Japan.

My arrival out there came a little over a year after the bombs had been dropped; after the Atomic Energy Commission had concluded that it would retain that site, and convert it from a temporary wartime town and laboratory to a more permanent installation. I was there during the period of time -- four years -- when that transition took place. Housing was constructed for people to live there, shopping centers and recreational areas were constructed. They planned new laboratory buildings on a different mesa, separated by a canyon, so that we could open up the community and eliminate some of the security requirements.

So it was again a very intensive learning experience for me, in a great variety of management activities. To some extent, my role was that of a city manager, because we had all of the problems of managing a city that a local government would have.

I left there in 1951, to return again to the Pentagon, this time as a special assistant to the Secretary of the Army, who at that time -- late in the administration of Harry Truman -- was headed by a former associate of mine from wartime days, Frank Pace. My assignment with him was really a license to track down areas of waste and mismanagement within the Defense Department. I pursued this with some vigor, and -- I must say -- with some lack of popularity on the part of those who happened to fall under my questioning.

The administration changed in 1952 with the election of President Eisenhower, and I remained for about six months under the new Secretary of the Army, until I was invited to become the executive director of the United State Civil Service Commission. The Civil Service Commission is a three-man commission; the executive director was the top career official that managed the agency. The agency was really the principal personnel office for the executive branch.

Q: And how old were you? This was when you were about thirty?

Macy: When I went to the civil service commission in 1952, I was thirty-five. By that time, you see, I'd had about thirteen years of government experience. Even though it was a Republican administration and I was a registered Democrat, I was selected as a career person -- non-partisan -- to fill that particular post. It was during that period of time that I became really acquainted with all aspects of personnel policy, from recruiting and examining and selecting and promoting and training and benefit programs and compensation programs and the like. It necessitated a broad knowledge of the various federal departments and agencies that utilized personnel under the civil service system. At that time, about ninety percent of federal employees were under the civil service system. Those outside it included the F.B.I., the State Department, the Atomic Energy Commission, the T.V.A. -- but the bulk of the departments and agencies -- including all of the Defense Department -- were under civil service. So this was an over-arching, government-wide program. This permitted me to have, again, exposure to the totality of government, which wouldn't have been possible in any but a few other posts. Posts in the budget were similar in scope to this.

After the re-election of President Eisenhower in 1956, the chairman of the Civil Service Commission -- who had really been my superior, a man named Philip Young -- resigned and became the U.S. ambassador to the Netherlands. He was succeeded by a defeated congressman, who really had minimal interest in civil service activities, so I was there to keep the lid on. Again, I found this to be less attractive than the earlier period. At that time, my university -- Wesleyan University -- decided that the president of the university needed to have a principal assistant, a chief of staff. So I agreed to go to Middletown, Connecticut, as the executive vice president, which I did early in 1958. I served in that capacity, really undertaking the assignments that the president of the university was not interested in himself. He was a scholar of the first rank, in philosophy; a man with great creative capabilities, with respect to education.

So I was in a position to take on the public relations activities outside the campus, the relationship to the alumni, certain aspects of planning. And in addition, I taught a course the first year in public administration. The second year, I joined with a member of the religion department and a member of the economics department in a seminar called "Social Ethics of Contemporary Professions." And we brought to the campus distinguished people from business, from labor, from politics, from literature, to come and meet with the students. This was a very successful experience.

Then in the third year I was there, I conducted a seminar on the American presidents. While I was teaching this course, the election of 1960 occurred, and the election of John F. Kennedy as president. I had known Kennedy only slightly, during my early years, but I had known many of the people who were working with him. So it was no particular surprise to me when, during the period between the election and the inauguration, I received a call from the then-Governor of Connecticut Abraham Ribicoff, to see if I would be interested in a position in the administration -- a presidential appointment.

I indicated that I might, depending upon what post it might be. There was some conversation back and forth, and then in early January I had a call from the President-elect, asking me if I would be willing to serve as the chairman of the Civil Service Commission. In other words, I would return to head the agency where I had been the principal administrator previously, and where, really, many of the programs, the structure of the organization, the principal personnel -- had all been part of my previous experience. And I agreed to return.

I entered the administration in early 1961, moved my family back, and -- in effect -- that was our final return to Washington. We've been here since 1961. My involvement as the chairman of the Civil Service Commission meant that I was the principal personnel advisor to the President. During that period of time, we had a number of very active program issues that arose. The whole question of the recognition of unions: a policy situation that had been

unsettled for many, many years. We were concerned about the reform of employee compensation. We were concerned about improving our outreach to attract able young people from the universities, for example. Many other policies of that type. So it was a very busy time.

I sat as an affiliate with the Cabinet, and on many occasions, made presentations to the Cabinet and the President as the chairman. In the process, I became very well acquainted with all of the Cabinet officers, because all of them had some personnel involvement that necessitated consultation with the commissioner. Also during this period of time, I came to know the Vice President, Lyndon Johnson, very well. He had been put in charge of a Presidential commission on equal opportunities, primarily for blacks, minorities and women.

As a member of that commission -- my appointment was from President Kennedy -- I was in a position to deal with these policies as they related to the federal government. So the relationship became very close. I was the official of the government who could get something done. And as Lyndon Johnson said, "You're one of my doers." As a consequence, when the horror of the assassination occurred, Lyndon Johnson not only asked me to continue as chairman of the Civil Service Commission, but he asked me if I would -- in addition -- assist him in finding highly qualified people to be presidential appointees: chairmen and sub-chairmen, commission and agency heads; some several hundred key jobs that the President has to fill. He had not filled very many during the first year of his presidency, but after his election in 1964, he had a rebuilding process that was necessary.

So I, in effect, had two full-time jobs: I was involved in running the commission, and I had another office at the White House where I pursued these activities with the President. I don't need to go into the details, but this gave me a very broad insight into the operations of the government.

During this period of time, I was also invited by the Secretary-General of the United Nations to serve on the International Civil Service Advisory Board -- ICSAB. It was ruled by eleven officials from all over the world, selected by the Secretary-General not as representatives of their countries, but as specialists in personnel. It was through that association that I had my first contact with Iran, because in the third year of my six-year term, Jamshid Amuzegar who was then the Minister of Finance of the government of Iran, served as the chairman of the ICSAB. As a consequence, we were frequently in communication at the time of the annual meetings and on other occasions as well. We were what I would consider to be constructive colleagues in the interest of building a sound, international civil service -- not only for the United Nations, but for all of the international agencies.

Through that association, I came to hear more and more about Iran. I admired Amuzegar immensely and in our social occasions, we would frequently discuss some of the efforts that were taking place in Iran to provide a modern government, to build economic development, to move forward on certain political fronts. I was interested, but I had no particular involvement.

Q: This is now the late sixties that you're talking about?

Macy: My first association was in 1966, and we met in '66, '67, '68 and '69 in these annual meetings. These were held in Geneva, Paris, and Rome. When Dr. Amuzegar came to the United States for meetings of the World Bank, why, there was always an opportunity to meet with him socially, and to continue our association. In 1969, President Nixon took office, and I departed from the government service. I guess you might say I was retired, by the voters. If Hubert Humphrey had become president, I have no doubt that I would have stayed in government for another four years.

But I was fortunate in having another challenge. This time, from the first president of the Corporation for Public Broadcasting. This was an organization established by the Congress as a private corporation, to receive government funds and private funds, and had the mission to establish a system of public television and radio for educational and other preliminary purposes. As a consequence, I had a great opportunity to begin work on an administrative panel, so that these diverse units could become part of a system. I pursued that particular assignment from early in 1969 until late in 1972. At the time I departed, there had been a significant politicization of the system, because the board of directors selected by the President included more and more representatives of the President's point of view, which was negative to public broadcasting. The view of his staff was that if public broadcasting was receiving funds from the federal government, they should constitute a cheering section for the administration. Our intent was to have a program that was balanced, from various points of view.

My resignation wasn't called for, but it appeared to me that in a relatively short time it would be, and my contribution would be very limited in the future. So in late 1972, before the Watergate situation, I resigned. For a number of months, I was in a free-lance capacity. I lectured at universities; I did a series of lectures on public broadcasting for the University of California at Berkeley, which resulted in a little book called *TO IRRIGATE A WASTELAND*, describing the struggles that we'd had in public broadcasting. I spent several weeks at the Salzburg Seminar for American Studies, in Austria.

Then in mid-'73, I became the president of a new organization called the Council of Better Business Bureaus. This was a confederation of organizations that had existed in American cities for a long time, to handle complaints from consumers about the behavior of business in many different ways. At that particular time, in 1973, the consumer movement in the United States had gained a great deal of momentum, and the Council was a response from the business leadership in terms of self-regulation: what could be done to provide some kind of self-discipline, so that there would not be false selling techniques and things of that kind.

I found this stimulating. I found, once again, that the problem of putting together a national organization out of a lot of autonomous local groups posed an interesting and leadership problem.

Along in 1974, late '74, I had a call from Mr. Lilienthal. He said, "I have a proposition I'd like to discuss with you. I think it's a situation and an opportunity that would be of interest to you. Would you come over and talk with me, and with David Morse?" David Morse was an associate of Mr. Lilienthal's in the Development and Resources Corporation. That was a corporation that Lilienthal had established in the early sixties as a vehicle for doing consulting work on the natural resources and economic development of nations. I had known a good deal about this, because I had seen Lilienthal from time to time. I had some association with him when I was in the Johnson administration, and he was an advisor to President Johnson on economic development in Vietnam. He, from time to time, had been a source of help for me in my search for candidates for the President. So we had sustained the association that we initially had in the Atomic Energy Commission days. So I was excited about the possibility of learning what he had to describe to me. In many ways -- and I've said this many, many times -- Lilienthal, to me, was kind of the ideal, complete public servant. So an opportunity to be associated with him was virtually irresistible.

Once he described the assignment, the irresistibility became very intense. I concluded that the Council of Better Business Bureaus could probably survive without my presence, and that perhaps I could be helpful in the assignment he described. That assignment was an outgrowth of his long-time association with Iran. At that time, he had been pursuing that association for more than twenty years. He had worked with Mr. Ebtehaj, who was head of the planning organization, the Plan Organization; and he had, from very early up to that time, had audiences with the Shah. Those discussions led to a contract with Development and Resources, to provide for a master plan for the Khuzistan, the view being that this was an area

that had once been the breadbasket of Persia, and over time there had been erosion and the misuse of resources, but still had great potential. Could there be a renaissance in that particular part of the country? A part of the country that had become particularly important because of the large petroleum resources.

So during the intervening period between the mid-fifties and this time in the seventies, the corporation had been continuously in Iran. It had been involved with the Khuzistan Water and Power Authority, which was modeled very much after the T.V.A. The Iranians who had served in that organization had advanced to key positions as ministers of agriculture and energy, transportation; and it had become a brotherhood in and of itself, of the talented Iranians. Because of the presumed success in the Khuzistan, with the building of the Pahlavi Dam, with extensive irrigation projects, with certain health service projects, with efforts at the establishment of a sugar-refining business using the cane that was growing there. There was significant participation on the part of American experts, but always with the view that they were there temporarily, and ultimately all of these systems would be managed by Iranians.

In addition to that, there were other projects. For example, a project to advise on the development of agricultural research in the Ministry of Agriculture; a program for the development of a national water pipe, in the Ministry of Energy; a project that related to some of the banking facilities that were involved in agricultural banking, under Mehdi Samii. He was a very strong colleague of Lilienthal's.

With this background, there was a request in late 1973 -- actually, in '74; '73 had been a significant year for the raising of the oil prices, and the resulting substantial increase in revenues to the national government of Iran. The Plan Organization and other ministries were charting courses for the utilization of those resources to accelerate the development of Iran. One of the questions that came up in '74 was whether or not the institutions of government, the policies of government in the administrative area were adequate to support the program

that was about to be initiated. As a consequence, a number of people in the government -- and particularly Amuzegar who at that time had become Minister of the Interior, but also had responsibilities for S.O.A.E. There was an arrangement worked out -- or an understanding worked out -- whereby Development and Resources (Lilienthal himself) would organize a project of experts that would come to Iran and would analyze, diagnose, the health of the administrative structure, in terms of the expanding programs they were administering.

Q: In relation to S.O.A.E.?

Macy: S.O.A.E. became the agent for the project.

Q: And by S.O.A.E. you mean --

Macy: The State Organization for Administration and Employment. I've become so accustomed to the acronym. At that particular time, there was an acting director, but in effect, Amuzegar was wearing that hat, as well as his Interior hat. He and Lilienthal worked out this program. But then the question came, who was going to head up the project? And that was the proposition that Lilienthal brought to me in November of 1974. He wanted to know how quickly I could liberate myself from my present assignments and undertake this particular mission, after I agreed to do it; and I told him that I thought that I could work it out so that by the first of the year -- January 1st of 1975 -- I would be available to work fulltime on the project.

During the month of January, I recruited a team of experts to accompany me in performing this diagnostic stage, the first stage of the project. I was fortunate in that I was able to find three people who had been to Iran as consultants before: Henry Reining of the University of Southern California, who had come to Iran in the fifties to help organize a Department of Public Administration for the University of Teheran, and who had maintained continuous communication with many people in Iran. I was fortunate in obtaining the services

of Frank Sherwood, who had worked with me in founding the Federal Executives Institute in the late sixties, but who had also been at the University of Southern California, and had made many consulting visits to Iran. I was fortunate in obtaining the services of Carl Lutz, who had been a pay and benefits consultant to the National Iranian Oil Company, and had made many trips, and knew many people in the Ministry of Energy. Then I secured the services of a veteran Washington advisor, Bernard Gladieux, who had done a similar review of the government of Pakistan, fifteen years before, and was familiar with that, too.

So that particular group was assembled, and we had, in addition, a member of the staff of a company who had been associated with the work in the energy field. Because we had decided that we would use the Ministry of Energy as the sharper focus on ministerial policies, structure, management, we had to have that additional project. We proceeded to interview large numbers of people at the ministry level and the deputy ministry level, at the bureau director level. We talked to a number of people in the educational world, we talked to some people in business, and we had the advice of men like Ebtehaj who were out of the government at that time, but had had a long-time identification with development projects.

At the end of about ninety days, we presented our diagnoses to Minister Amuzegar. Mr. Lilienthal came out himself, and the two of us made our presentation to him, and then submitted to him our written report, which was the result of that phase of our work. As a result, a few months later -- in mid-1975 -- Mr. Amuzegar agreed to a continuation, a Phase Two, of the project, which he described in medical terms as "supervising our taking of the medicine necessary to take the corrections that were indicated by the diagnosis."

As a result, the staff was expanded. We had a number of additional specialists that we brought into the picture. It was a three-year contract, running from mid-'75 to mid-'78, and we were physically located in S.O.A.E. Shortly after the end of Phase One, Amuzegar consulted me on who should become the director of S.O.A.E. He felt that if the changes that we had

proposed were put into effect, that he could withdraw from that responsibility. We both came up with the same choice: Amin Alimard, who at that time was associated with you as one of the deputy ministers of the Interior. It was through the exposure to him, during that time, that I became particularly impressed with his grasp and knowledge of public administration. He, then, became the principle client for our group. But I hasten to add that in no way was the work confined to the mission of S.O.A.E.

After the first experience with the Ministry of Energy, we continued to go to other ministries. We went to the Ministry of Health and Welfare, where Dr. Sheikholeslamzadeh was the minister.

Q:

Macy: And I was able to obtain the services of the American who had set up the Social Security system in the United States, and who had been a distinguished international management consultant, John Horseman. We went into the Ministry of Education. I was able to obtain the services of a former commissioner of education in the United States, so that we had this kind of expertise. In the Ministry of Labor, I was able to obtain the services of a former commissioner of Internal Revenue in the United States -- or, the former Secretary of Labor in the United States. I'm getting ahead of myself, because we were also able to have a former commissioner of Internal Revenue advise the Ministry of Finance, with respect to the entire tax structure. We became very much involved with the Ministry of Finance, who became one of our most active clients.

Q: Who was the --

Macy: Mr. Ansari. In fact, he was Minister up until the last few months of our time there.

We also addressed, very specifically, the problems that related to de-centralization. We talked about de-centralization, de-concentration, delegation: ways by which power could be devolved to other levels of government -- particularly the Ostandars [general governors]. We had many a trip into the Ostans particularly in Kurdistan, where we already had a substantial involvement, and where -- over time -- we came to know, very well, the Ostandars that were there. We were very much involved in working with the Iran Municipal Association. One of our consultants was an expert in that particular field, who had been with the Point Four in Iran, fifteen years before, and knew many people. That program was particularly attractive. He wrote the charter for the organization; we were able to organize training for municipal officials in the United States. We put heavy emphasis on training throughout our efforts. We worked with the training center that had been set up as from S.O.A.E., and we actually conducted a number of seminars for deputy ministers which were conducted by us. And, of course, as you recall, we worked with you, in the literacy program, hoping that it would be helpful to you in the administrative aspects of that very demanding assignment.

So we were involved largely with ministries that were interested in their own program. We did not get into the Ministry of Foreign Affairs; we did not get into Ministry of Defense. We were strictly on the domestic side. As far as personnel policy is concerned, we accepted S.O.A.E. in rewriting the civil service statute. It was passed, and we had developed a plan which could be presented if the Majles prepared for it.

We did a series of consultations with respect to tests and measurements for a plan of entry, both into the universities and into the civil service. I had officials in the Educational Testing Service from the United States come out, initially, and work with those who were responsible for those tests, both in the Ministry of Education and in the S.O.A.E. We assisted in the conduct of an attitude program in the Iranian civil servants. It was conducted by the Iran Psychological Association. Iraj Ayman was the person who was our principal contact, and became a very close colleague in one way and another, in doing this. Very valuable; very

valuable as someone who could give us an intellectual background of what we were dealing with.

Well, I don't want to fill your tape with the recital of all of these activities. They are documented in several hundred export documents that were addressed to various people in the Iranian government. Where those papers are now, I don't know. I have copies of them all, and they're in the Lyndon B. Johnson Library in Austin. I go at least once a year and do some research with them: I view that as a very important part of my experience.

Now, the question has been asked me by many an American, "Didn't you realize that the government that you were serving was no longer a government that was popular in the party? Weren't you wise enough to see the size of the discontent?" The answer is "no" to both questions. From the vantagepoint of our observations, there was no indication of potential collapse. I'd say that on the contrary, we were heartened by moves that were, according to us, leading to a greater democratization. In fact, I recall the Shah saying to Mr. Lilienthal, in one of the audiences that we had, that he was moving toward democratization. He used that word. There were moves to provide a greater degree of citizen activity, particularly at the local government level, to permit more in the way of delegation in the Ostandaris to make decisions with respect to the Ostans in which they operated. We saw this in the tremendous drive to provide education. In fact, we were concerned that the drive had been accelerated to too great a degree. Where were the faculty members to man the posts for these academic institutions that were being planned? Or the existing ones that were being expanded. We endeavored to do everything we could to assist in designing ways and means by which those resources could be obtained.

In a number of instances, there were other foreigners involved in assisting in the development of educational institutions. We were very heartened by the increasing degree of participation by Iranian women in public life, private life; the numbers that were going to the

university for the first time. All of these were positive indications of the progress toward a government that was going to be more responsive to the people, and a greater degree of citizen participation. These were the signals that we were receiving. Our view was that this direction was not only appropriate, but needed to be advanced as soon as possible.

Some critics say that missions such as ours tended to push the country even more rapidly than it was able to absorb and adjust. There's some truth to that. I think perhaps we were impatient, although at times I thought we were excessively patient in trying to get decisions in respect to the advice that we had provided. There was clearly a slackening off of interest in what we were doing during the final six months (the final six months being the last half of 1978).

By spring of 1978, we were coming to the end of our three-year Second Phase, so there was discussion as to whether there was a desire to continue our program in Iran. I was dealing primarily with Alimard, but there was also conversation with Amuzegar, and of course Amuzegar became Prime Minister in late '77. It was at that time, it was a matter of his decision. After a good year of waiting, it was concluded that there would be two additional years -- a third phase -- but the amount of funding would be cut in half; it would begin to taper off.

Q: Just to interject this -- Amuzegar was cutting a lot of things and not just yours. He was trying to --

Macy: There was beginning to be some budget stringencies. This was an understandable move. We had had support from the Prime Minister, his predecessor; we met with him several times. On one occasion, Mr. Reining and I attended a meeting of the Cabinet, and made a presentation to the Prime Minister and chair. We had a number of private sessions and he was very supportive of what we were doing.

Q: You're talking about Hoveyda now.