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

AMBASSADOR DARYL ARNOLD

Interviewed by: Hank Zivetz

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Q: Mr. Ambassador, I am very pleased that you are able to find time to conduct this interview. Could we first start with some background information on how you became an ambassador and when you first arrived in Singapore?

ARNOLD: Sure, I worked with President Reagan when he was in California and more specifically with Judge Clark. We are both from Ventura County, and Bill Clark was the Secretary of Interior and National Security advisor. Anyway, when he was chief of staff to the governor in California I was very active in politics in agriculture. Judge Clark was also involved in agriculture although he was an attorney. While Reagan was governor I served on many boards for agriculture. I had served under Jerry Ford on the Energy Commission for Agriculture back in Washington. I was deeply involved in agriculture. When Judge Clark went to Washington he asked me if I would serve on an A.I.D. group called BIFAD, (Board of International Food and Agriculture Development) under Peter McPherson, when he was A.I.D. administrator. That group, which I thought was a very worthwhile experience, was to spend about $70 to $80 million. The concept was to try to get foreign countries to learn how to feed themselves instead of the United States having to feed them. We awarded contracts to foreign universities and sent over our agricultural professors to try to teach growing agricultural crops, whether they be fish, or wheat or barley, or what-have-you. It was our responsibility to make sure that the money was being spent for the proper purpose.

After that, when I was serving on the board President Reagan decided to appoint a commission called "U.S.-Japan Advisory Commission" of which Dave Packard was our chairman; it included Don Rumsfeld, Jim Berek, Jim Hodgson, who had been the ambassador to Japan, along with Doug Fraser of the United Auto Workers. I was asked to serve and represent United States' agriculture. We were to try to solve all the problems between the United States and Japan. As you know, having served in Japan, it was a physical impossibility. The only thing agriculture got were concessions on beef and citrus. I had a very rough time on lumber, and other agricultural products.

Anyway, after I served the president on the U.S.-Japan Advisory Commission I was deeply involved in foreign agricultural trade with the Pacific Rim countries. I spent a considerable amount of time working in the Pacific Rim countries trying to promote agricultural products. I was President of the Western Growers Association, and we represented California and Arizona agricultural interests. We tried to get those markets open. Obviously, Singapore being a wide-open market, was easy. I was proposed to go to Malaysia and you know how those battles go on between career and non-career individuals, one of the finest gentlemen I have ever met, a dear friend of mine John Monjo, went to Malaysia and I went to Singapore.

Q: When was this?

ARNOLD: I arrived in Singapore in April 1987.

Q: In preparation for this interview I did some reading on what was happening in Singapore in that period. You were greeted about a month after you arrived with this so-called "communist plot". Do you recall that, particularly by those connected with the Catholic church? What was your impression, coming to a country and having this kind of thing happen?

ARNOLD: Well you know, there are problems you get in a foreign country when you have benevolent dictatorships, and that is what Singapore actually is, you can call it anything you want, but out of 81 members of Parliament, 80 are members of his party and there has never has been another individual as prime minister in Singapore except him. It is certainly easier to run a country if you are benevolent. There are things that we disagree with, and one of those is detention without a trial. I had no problems if they arrested people for, in their eyes, communistic infiltration and overthrowing the government, however, in our country they have the right to have a trial. Singapore has, (it is British law), detention without trial and they would never try the people and they would decide when they would let them out.

Q: Not directly related to this case, but we will come back to it; were you there when they PNGed [declared persona non grata] one of our people?

ARNOLD: Hank Hendrickson. And very honestly, the one problem I had with the State Department, is that they are so fearful that somebody will attack one of their own that they will never accept that maybe they did something wrong. And that was the biggest problem I had in this instance. Certainly not for what Hank was accused of, but in my estimation he certainly went beyond the areas he should have as a diplomat in the Foreign Service.

Q: Was Hendrickson a political officer?

ARNOLD: Yes.

Q: And the little bit that I got on this was that he addressed a group of attorneys.

ARNOLD: What happened was that Hank was very much a liberal in his thinking and he had great dislike for detention without trial, great dislike for limiting the freedom of the press, great dislike for the type of government that was being run in Singapore. In that empathy, he got friendly, and maybe too friendly, with people in opposition parties. He was making statements that were taken way out of context (and I don't want to hand Hank anything he didn't deserve - he was a fine officer) but such as, if he is sitting out and talking to somebody who is complaining about the government and saying "I don't like Lee Kuan Yew" and Hank might have said, "well, why don't you run for office yourself and get involved and get other people involved to try to get a good opposition party going?" And one guy said, "well, we don't have any money" and Hank said, "with people around here, money shouldn't be any problem". Hank was maybe, and here I say maybe, getting too involved with those people. One of the biggest ones, who was convicted for income tax evasion, was one of the two elected opposition parliamentarians. He got very close to him. The Government was following and possibly taping this one gentleman. And Hank got caught up in this taping, and when it got back to the prime minister, we think, they played this tape back obviously and here is Hank all over the tape talking to this person and , quote "interfering in their internal affairs" unquote. So the Government said.

Hank never gave a damn about trying to overthrow the government or never got involved in all the accusations they were making against him or offering them money. Hank would never be that type officer, he was way above that, he would have never gotten involved in that. What I am saying is that he went beyond where he should have gone and should not have taken sides between the opposition and the government.

Q: We don't get that many persona non grata cases and I think it would be interesting for any researcher to follow a case from start to finish.

ARNOLD: Let's get to the other side, that's more important. Why did they do this to him? They could have done it as gentlemen, they could have come to me and said "keep him quiet", they could have done a lot of things. Instead of PNGing him they could have called me and said "we want him out quietly" and I would have gotten him out. That was not the problem. The problem was that I was in Washington with the prime minister at the time, the foreign minister who was very close to our country, was in Italy lining up the next stop for the prime minister. The two people who were left in Singapore were, the first deputy prime minister and the minister of trade and development. Who happened to be the prime minister's son. The prime minister's son was in the original negotiations when we were trying to get intellectual property rights passed in Singapore. He was the negotiator for Singapore and he was asking for additional benefits under GSP.

Q: Intellectual property rights, the right of authors...

ARNOLD: To try to protect our movies, our tapes, they were copying our tapes, or movies, everything.

Q: In that part of the world they copy everything.

ARNOLD: Right. In Singapore we wanted them to stop copying, and we were insistent. The negotiations were concluded with the prime minister's son. They had GSP privileges and they wanted more tax-free benefits if they were going to pass an Intellectual Property Right Law. We negotiated and settled an agreement that gave them more benefits and they passed the law with the prime minister's son being the key figure. Under that agreement, and I am sure there are two sides to the story, under the GSP agreement, it was stated that either in 1992 or when a country reached $8,500 in per capita income, it would no longer be entitled to GSP benefits.

Well there was a third thing. The president of the United States can cancel those benefits any time he wants to, in addition to 1992 and $8,500, it was a gift we were giving to countries and if he wanted to cancel it, he could. Well in those negotiations it was never brought up that he could cancel them, it was never brought up about 1992 and $8,500, they knew what those provisions were. So we gave them the added benefits, then we got into our big tax problems back in the United States and trying to see where we could get more revenue, how we were going to get more money, and so six months later, not only did they take away the added benefits we had given them, they took them all away. They said "you are now a developed country; we are graduating Taiwan, Singapore, South Korea and Hong Kong". Well that made this young man, who was 34 years old, irate. And he went after Clayton Yeutter and George Shultz. He went after us because in his estimation we negotiated these benefits to get a law passed knowing that we were going to take the benefits away.

There is no question in my mind that Clayton Yuetter did not even surmise they were going to do that. If you look at the other side of the picture it seems that we just negotiated to get that law passed. Anyway he was irate. Now then he wants to get back at the United States, he is not necessarily a friend of the United States and he is not an enemy. He looks to Japan as to what they have done, he looks to the Soviet Union, they do business with everybody. When he is mad and the prime minister is overseas and the foreign minister is overseas and he is there in Singapore and he gets this tape of Hank Hendrickson and called my chargï¿½ when I was away with the Prime Minister. He said we have got your man and we are going to PNG him. The chargï¿½ said, "please wait, have you talked to the prime minister yet, he is with the ambassador. I will get the ambassador back home. Please wait before you go to the press, before you do anything." I got on an airplane and started back. When I got to Alaska I was called off the plane and was told it was too late. The prime minister's son announced to the press they had PNGed him. The prime minister called me in, but now it had gone too far. All the television went crazy, accused Hank of being a CIA agent, accused him of every bad thing, even to the standpoint that Hendrickson, who had had an illegitimate child when he worked in the Philippines, (his wife, was our economic officer), had adopted this illegitimate, half-Filipino girl, brought her to Singapore as their own, announced over the television, the whole story about Hank and his illegitimate child in the Philippines.

Washington had asked to see if I could settle the thing down so I went over to the prime minister and said, "Mr. Prime Minister, I can't sit here much longer and take this. You are accusing Hank, you PNGed him and we are going to PNG his equal in Washington, but this thing has got to stop as I am not going to sit here and let you attack my officers. If you say they interfered, you've got to look to me. They work for me and not one of them would do anything without talking to me. You've got to get me. If you want to get somebody you better PNG me, not just Hank." He said, "Please, just take it easy, this is the second generation coming, the younger leaders who are going to take over Singapore. I've got to give them some space. Please don't say anything for a couple of days and I will see what I can do". Two days later there was a press conference with this young leader, the prime minister's son, and he said every bad thing he could, even to the standpoint of "they must be guilty, or why aren't they saying something?" I went back to the prime minister and said, "Mr. Prime Minister, I've got to know who is running this country; if you are running it I will listen to you, but if your son is - you asked me not to say anything - so I did not and our country did not, and I advised them of what we were doing and now your son accuses us of being guilty by not speaking out. I don't know how we are going to win this battle." Finally Parliament met for five days, they never did anything but American-bashing. I went over and saw the foreign minister, who was a good friend of mine and a friend of the United States (there were just the two of us, no officers were with us) and I said "Dhana, I've got to know what is going on here, how this thing is going to be stopped. The United States government is not going to sit here and continue to take this kind of American-bashing. Talking about burning down the embassy, pickets in front of my embassy, accusations of the CIA and the United States government, we can't continue this way."

He said, "OK, I will get up in front of Parliament and defend the United States", and so he did. He was berated by some people for defending the United States. So then the prime minister called me on the last day on the phone. He said "Daryl, I want you to come to Parliament tomorrow, and sit in Parliament." I said, "Mr. Prime Minister, that's putting me in a pretty bad light if I can be singled out". He said, "No, I am going to speak, I am going to get up and talk and I want you to be there to hear what I say." Of course I called Washington to say, "What shall I do?" And I got the answer, "You make up your own mind". [Laughter] They asked if I thought I could trust the prime minister, and I said I did. I think we are close enough friends so that I can trust him. They suggested that I try to talk to him to about not being on television and no questions, but just to sit there. So I told the prime minister that. He sent me over the speech he was going to make and said if there are any problems with it let him know and he will try to correct them. So I went over it and noted a few words we would like to see changed and sent it back.

I went over to Parliament and he gave the speech. As a benevolent dictator, once he had said "That's enough", that ended it. The situation was strictly based on his son's dislike for all the things we had done and his desire to get even.

Q: That sounds almost like the "Good guy, Bad guy" routine. I recall, this is digressing, where Khrushchev would create a crisis over Berlin and then months later he would settle the crisis. He was the good guy, people forgetting that he started the whole thing. Similarly here I can see the son having a personal animosity, but why did this continue in the Parliament. It seems almost like it was being orchestrated?

ARNOLD: You're right, it was to some extent. First of all, I can understand where a son might call a father who was in a foreign country and give only one side of the problem, I want to PNG him and the father saying agreeing to it. I am sure he checked with his father before he took action. That's point one. But number two, they were within four to six months of an election. They practically had replaced every single old-guard leader in the parliament except for the prime minister and he will be stepping down in October, 1990. I think, and this is all conjecture, that the prime minister did not want to step on the second generation of leaders. The prime minister's son felt that they were a third world non-aligned country, and were not going to be dictated to by the United States government. I am not sure that the prime minister still had the power in his hand to stop it that he had had a little earlier. But that is a conjecture. There was certainly a split within the hierarchy of the Peoples' Action Party, no question about it, between the first and second generation leaders.

Q: Well, now in terms of the embassy's relationship with a variety of groups - if you can't call them dissidents, I assume there are semi-opposition voices - how did this incident, this Hendrickson thing, affect the embassy's relationship with other elements in Singapore society?

ARNOLD: For about two months it affected it, to the standpoint that I said, "Let's back off, let's try to stay away from those who have been accused and convicted of crimes, whether they did them or not. But let's ease back. But one thing we must do. You must meet with opposition parties, we would not be doing our job if we did not". So for a period of about two or three months it affected us in getting information from the opposition. It made other embassies nervous too, because they were doing practically the same thing. Consequently, it affected not only the United States embassy there, but also our allies and, of course, it made the Soviet embassy very happy to see them getting down on us.

Before I left we absolutely went back to doing what we were supposed to be doing, not interfering in internal politics, not getting into agreeing with them, but certainly we were meeting with them and questioning them.

Q: Another series of incidents occurred and I am curious whether they involved the embassy or not. These were the restrictions on the Asian Wall Street Journal and the Far Eastern Economic Review?

ARNOLD: There are two different stories on them. I could see their point on the Asian Wall Street Journal, I believe in the freedom of the press, but I could see their reasoning. On the Asian Wall Street Journal there were two people who locked horns and neither was going to give. What had happened was that the Asian Wall Street Journal had written about Singapore, about their second stock exchange, complaining about it, wrote quite an article about it. Lee Kuan Yew considers foreign press in Singapore as a privilege and not a right to be there, that is his basic standpoint. And so consequently when they wrote this article, he wrote a letter back to the Asian Wall Street Journal asking that it be printed. It contradicted what the paper had said. The Asian Wall Street Journal refused to print his letter. He said, "Wait a minute, you are talking about freedom of the press, why won't you print my letter?" Our position and my orders were that from the standpoint that the Asian Wall Street Journal is a private periodical that they do not have to print anything they do not want to print, it is not a government newspaper. It is not owned by the government and they do not have to print the letter. Singapore's position was, "if you want to write things about us and you will not print our answers to them, that is not freedom of the press, so we are going to gazette the paper. If you print the letter you can remain." We were not sure that was the only reason, so I went to the Asian Wall Street Journal and said, "Hey, look at it, I really want to prove whether or not it is just not printing that letter is gazetting you, or whether they don't want you here because you are writing bad things about Singapore?" So I said, "Would you do this, if I can get Lee Kuan Yew to absolutely agree to reinstate you, will you print that letter?" They said, "No, because he attacked the person who wrote the article in the letter." I said, My God, you guys attack people on a daily basis, that should not be an issue". Anyway they refused to do it. So they are still out.

Now that is not true of the Economic Review. Davies knew all about this thing with the Wall Street Journal and he was really attacking Singapore, but anytime the government sent a letter he would print it. But he would go after them again. But finally it proved out that it was not the same argument in the Economic Review from the standpoint that he was not going to let them attack Singapore without rebuttal. It was the standpoint that it was a privilege, not a right, to be there. If you want to write about Singapore, stay out of Singapore, and get out of here. But we do not want to say that we don't believe in the freedom of the press, so we will gazette you and we will move you from 10,000 down to 400 and you can put your Asian Wall Street Journal and your Economic Review in all the libraries in Singapore. Well then Davies, said, "If you don't want my 10,000 copies you don't want my 400 copies" and he pulled them all out.

Q: I am curious. Singapore has been called, Singapore Inc.How could it calculatingly offend two of the principle media instruments of big business. Wouldn't this have a chilling effect on people who wanted to invest? Didn't they think about this or didn't this happen?

ARNOLD: No, it did. They are so self-centered and so overboard on thinking about this little tiny country they feel that "everyone will attack us, everyone will pick on us" that if any item is critical they over react. Anything that happens in Singapore, whether it be a little law suit or something big, whatever it is that might affect Singapore or members of Parliament, they will go to great lengths to respond. It does not make any difference that they are totally dependent on business, obviously they have no natural resources in Singapore, yet we have a two and a half billion dollar trade deficit with them. Sure they are totally dependent on business. And it was not the business people that were involved, the business people were actually more on our side than on theirs.

Q: Let's project a little bit. In my research, I found that Lee was going to step down. Has he stepped down?

ARNOLD: No. He has already announced that this year, in September 1990, he will step down. It has already been determined that Goh Chok Tong, the 1st deputy prime minister, will take over for him.

Q: Whenever a man of this caliber, of this strength, leaves the scene, you can anticipate that things will not go smoothly. Who would you say constitutes the opposition in Singapore? Should there be a reaction to Lee's stepping down, and from which sources would it come?

ARNOLD: The country that concerns them the most is Malaysia. You probably know Malaysia supplies 50% of their water and they were kicked out of Malaysia in 1961 - they don't like to say that, but it was done because of the Chinese influence in Singapore their great fear is Malaysia. They keep looking across that causeway. So if the opposition comes up, it will be people of the Malay ancestry.

Q: Are there enough Malays who live in Singapore?

ARNOLD: Fifteen percent of Singaporeans are Malays. And they keep on acting like they are one big happy family, but the Indians, the Malays, and the minorities compared to the Chinese do not quite feel that way. And so the opposition, is made up of Malays and Indians, rather than Chinese is where your opposition might come from, but they really are not organized. Remember they do have a secret ballot election. But if I give you seven days and you do not know when it is going to be held I can have everything prepared beforehand but you will have only seven days to start and finish politicking. You don't stand much of a chance to win.

Q: There still are secret ballot elections and people still have a chance to express their desires. But they won 80 of the 81 seats.

ARNOLD: Right, but they only won 64% of the vote.

Q: Which was a drop from what they had won before. This brings me to my next question. Singapore is one of the "Four Tigers" - so-called - and they have done very well economically, however, some criticism has been leveled from this country towards some of the others in this quartet, that their increase in economic growth has not been reflected in an increase in living standards on the part of the people. For example, in Taiwan, economic growth has not trickled down enough to influence the way most people live. Now in South Korea, they say, the standard of living has increased. What is the situation in Singapore?

ARNOLD: They did something that I thought I would like to see us do in this country. They have a thing like our Social Security program, it is a huge retirement program in which Singaporeans put up 25% of their money in retirement and it is matched by the employer by about 10% so that it is 35% that goes into the retirement fund. The prime minister was trying to increase the stature of all the poor people in Singapore, to get them out of the huts and the shacks. He built low-cost, high-rise apartments for the people to move into, but they still could not afford to and could not get into them. So the apartments were all standing empty. So then he said there has to be a way. There was another gentleman, Lim Kim Son, is his name, said, "Look at it, we've got all these empty apartments, we've got all this money to build things with, let's make them into condominiums, let's sell these condominiums to Singaporeans". They said, "Where are they going to get the money?" He said, "We will loan them the down payment out of their retirement fund, and we will loan them their monthly payments out of the retirement fund. What is the difference when they get to be sixty years old, the retirement age, whether they have more retirement with which to pay rent or whether they have less amount of money but they own free and clear their own living facility?" So all the young people, who never think they will get old and retire anyway, and 25% of their salary is being taken away from them, said "Do you mean I can move into that place, I can own my own home and I will not have to pay, you will use my retirement fund and you will make the payments and if I want to I can rent it out, it will be mine?" The answer was yes. Eight-five percent of all Singaporeans today own their own condominiums, pride of ownership is so high so that now they are taking care of their own property.

I had employees living with me at my residence who moved their parents to their condominiums that they were buying. It was a marvelous thing to come up with. Can you imagine all the poor people in the United States into Social Security who could use that for housing. It is a heck of an idea.

Q: You are saying then there is generally support for the Lee administration.

ARNOLD: Certainly. The majority of the people support Lee, what they don't like is the dictatorial attitudes they get into in Singapore, but as far as a country, the people are very happy. You can't find poverty, there is no unemployment in Singapore. As I said 85% of the people own houses in Singapore.

Q: Was the embassy involved in any kind of human rights violations charges? If so, in what respect?

ARNOLD: Obviously we were concerned on the right of trial issue, the detention without a trial business. Even on the drugs situation, they have no drugs in Singapore, but they do it high-handed. If they find you are a pusher or find you with X amount of drugs in your possession they hang you. And if in fact they find you are a user of drugs they will immediately give you a urinalyses, and they will put you into drug rehabilitation without a trial, they will decided when you will get out. You can't do anything about it.

Q: In what form has the embassy become involved in human rights?

ARNOLD: Obviously we have all the human rights group coming into Singapore. We set up meetings with the Singapore authorities. With one of these men, whose name I can't remember, I tried and the Singapore officials would not meet with him. I finally went over to the Home Development Ministry and was told, "His mind is made up". I said, "Your mind is made up too, everybody's mind is made up. The only way to change minds is talking to somebody. Sure his mind is made up on the position of human rights, but your's is too. But why do you sit there and not allow these people to sit down and discuss with you the human rights issue even though their minds are made up. It just makes it worse on the United States and harder on everyone and if you are not going to talk to our Human Right Groups we will just take a worse stand against you. What if you sit down and try to discuss the issues and hear why we feel so strongly about it." Of course we make a human rights report which they get very upset with. But in the area of freedom of the press, or detention without a trial, are major human rights issues in Singapore. On the other hand if human rights goes beyond that they have made a lot of great accomplishments. But you can't condone, in my estimation, the situation. Maybe in some countries we go too far in trying to impose our will on them. But I still think it is the job of embassies to do the will of Congress and the President of the United States, these are things we feel strongly about and had to continue to make it known. In everything we did we always mentioned human rights.

Q: Another issue, I am not sure you were still there, that may have exacerbated relations between Singapore and the United States was the issue over their refusal to float the Singapore dollar. They refused to lower the Singapore dollar as the United States dollar lowered; they foiled our effort to become more competitive.

ARNOLD: Actually that did not become an issue to any degree. Singapore was not a problem, other countries were. Singapore proved that the percentages were not so great. The reason was because when it was the other way around, when we were a very strong dollar, they did not go up to match that dollar the way that South Korea, Hong Kong and Taiwan had done. Consequently if you looked at the percentages that they were talking about in the other countries decreasing as the dollar decreased it did not make that much difference. Anyway it did not become quite the issue that it was in other countries. They had matched themselves pretty much to the United States dollar all along.

Q: By pegging it to the dollar they eliminated our advantage.

ARNOLD: There is also a disadvantage. If the dollar goes down its to our advantage and disadvantage if it goes up. But they were pegged all the way. Anyway it was not a big issue.

Q: As I understand it we were threatening to withdraw preferential trade status. Did we do that?

ARNOLD: That had already been done. That is what they had taken away totally. It did not make any difference.

Q: Let's range a little more freely here. Could you give us some of your impressions of the Singaporean leadership, starting with Lee.

ARNOLD: Sure. Lee Kuan Yew, a true benevolent dictator, believes in the people, works for the people and for his country. Would do anything for his country. Very much friendly with the United States, very close to the United States. The minister of finance, Richard Hu, very close to the United States, friend of the United States.

Q: Let's go back to Lee. Personally, what kind of man is he?

ARNOLD: Very friendly, we became very close. We would have dinner together. The only ambassadorial residence he had ever been to before since he became prime minister was ours, he came to our residence to have dinner with George Shultz.

Q: What is his background?

ARNOLD: He is an attorney. His wife is still an attorney and still runs a law firm, Lee and Lee with his brother Dennis Lee. Trained in England and was very much involved with the Communist Party when they first took over and saw that that was not for him. That was his first big fight, breaking away from the Communist Party and becoming an independent. He became very anti-Soviet.

Q: Are there any other parties in Singapore?

ARNOLD: There are many parties, but no Communist Party anymore. On the ballot there are generally six or seven parties.

Q: What did you call Lee's party?

ARNOLD: Peoples' Action Party - PAP.

Q: The Peoples' Action Party as I understand it has been in power since the creation of Singapore?

ARNOLD: Since it became an independent nation. It was part of Malaysia in 1960 and 1961, then it became an independent, somewhat independent, until 1965, when it became totally independent. Lee Kuan Yew was the prime minister in 1962 when he fought the Communist Party. At the time when Malaysia kicked Singapore out, Lee's party was under communistic influence, but then he started breaking away from them and it became totally the other way.

Q: Now what about the fellow he has pegged to be his successor?

ARNOLD: Goh Chok Tong. Remember we have eliminated all the first generation leaders, they are gone. The people he pegged, Tony Tan, who is minister of education - he is the one that Lee Kuan Yew pegged to be his replacement, but he was a first generation leader. He is still minister of education, but he is an older man. Goh Chok Tong is a younger man so they made him first deputy prime minister. I really think they are looking at Lee's son to take over, but he made some mistakes, such as picking on the United States and more importantly he said that no Malay should be high up in the military because they cannot be sure they could trust them in a battle. It made the Malays in Singapore irate; they were Singaporeans. He made too many enemies. He then was minister of trade and development. Gho Chok Tong, first deputy prime minister, very much of a moderate trying to keep the second generation of leaders calmed down. Trying to deal with the first generation. He is kind of a middle of the roader trying to keep both sides happy. I think a pretty good man. He doesn't have the charisma; he doesn't have the speech making ability Lee's son has. Lee's son, who is not pro-United States, is going to keep shoving Goh Chok Tong who is very much of a moderate person trying to keep both sides happy. We would play golf together and I found him to be a friend of the United States.

The second deputy prime minister Ong Teng Chong, is also head of the union. Even though they say they are unionized it is very difficult to have strikes.

Q: Is the union a government run organization?

ARNOLD: "Supposedly" it is an independent union, but the head of the union is the second deputy prime minister. Now is that independent or not independent? I don't consider it to be totally independent. But Ong Teng Chong is the second deputy prime minister and is not very powerful in any area. The next one in line and who I think will take over as first deputy prime minister is the prime minister's son. Now Brigadier General Lee who became a brigadier general at the age of thirty-four.

Q: This is a different son?

ARNOLD: No this is the same son I had problems with. He ran for Parliament. The other son is not involved in Parliament - that son, I think, will probably take over as minister of defense. That is when Goh Chok Tong becomes prime minister. If I had to guess, that Lee's son (the brigadier general) will take over as first deputy prime minister which will put him in line in five years or so to push Goh Chok Tong out, but I think he will move up. He is the one I would not consider a friend of the United States. One that would just as soon be close to the Japanese, seeing what they are doing and how they are progressing, they are the most powerful nation, and seeing the United States as dwindling. He takes with him the minister of communications, he takes with him the minister of law, he takes with him the second deputy prime minister, and also the foreign minister, Wong Kan Seng, he takes with him that contingency that element who are not aligned and want to show the United States and everybody else that they should not "mess with us".

Q: This raises another question. When you say "takes with him" and when you are suggesting that the conventional wisdom has the son taking the first deputy prime minister position, who's pulling the strings in the party? Obviously all these decisions are made within the party. Is there an eminence gris, someone behind the throne, someone whose word counts more than the others?

ARNOLD: Lee.

Q: That's still Lee after he is retired?

ARNOLD: He won't be retired. He will be retired as prime minister but he will still maintain senior minister position in the Parliament, he not going to drop out of Parliament, he is not going to drop out of being senior minister, he is going to drop out of being prime minister, so he will still pull the strings. The problem we are into here is that you can take the cabinet and say these people are on one side of an issue and these people are on the other side, they are trying to work things out and Lee Kuan Yew is the one that can make both sides compromise. I fear and feel that when he is not the prime minister and when they feel that he is getting older, that what will happen will be that the group that is following the son will become less and less friendly to the United States. However, I hope that the older parliamentarians will keep them under control until they grow up a bit and recognize the importance of the United States. That is where the problems will be when Lee steps down from his job.

Q: Another possible problem is the continued viability of their economy. We see that economic strengths change, as we know the old smoke stack industries are no longer as important as they once were. What is the basis of Singapore's economic strength and will they be able to continue that into the 1990's?

ARNOLD: Yes, I think they will. The bigger thing is the oil refining business. The Middle East oil, the Indonesian oil, it all comes into Singapore and is refined there. When there was an oil glut they were not refining that affected them, but as long as there is not an oil glut and as long as they can keep on refining they will do well. So that is their number one business. The other thing is, of course, that they have become the second busiest port in the world because most Eastern shipping has to go past Singapore. Their port facilities are increasing rapidly and so they have 100% employment. Many companies would like to get into Singapore to do business but there is no more labor there. They had to make a decision that instead of bringing in day laborers from Malaysia where they have big unemployment they would do without new industries. So they are selecting which industries they want to come in; they will not give tax benefits to businesses they do not want in, and they won't allow smoke stack industries. Every computer outfit is there now, I think, electronics, that is what they are looking for. With 2.6 million people they are educating them very rapidly. They are building new universities.

Q: That is interesting, that recalls something I read about the harsh, terribly harsh, penalties to people who were in the country illegally. They obviously have very strong immigration laws. They do now want to have new people. This does say that there is a limit to their growth.

ARNOLD: They are limiting the growth on purpose. They have said "we have had to make a decision to limit our growth or whether we will allow in foreign workers." As you know, we are concerned about our bases in the Philippines and we are looking for alternate basing sites in the area. We have got to look for new sites. It is a matter of how long we can stay in the Philippines. Our problems in Singapore are not having facilities there, they are that they don't want to have American military people living in Singapore and influencing their culture.

Q: To conclude, is there anything you would like to add, maybe in terms of life and morale of the embassy.

ARNOLD: As I said before we started taping, I think that the life and morale of the embassy, even though a lot of them don't like political appointees, and I can understand that, there were only one or two people, and not in my embassy, that did not do everything in their power to work with me as the ambassador regardless of where I was from the political point of view. I can honestly say that some of the brightest, hardworking people I have ever met were in the Foreign Service.

End of interview