Oral History Interview
with
AUGUST MAFFRY

U.S. Dept. of Commerce official, 1934-45, including service as a technical adviser on the U.S. delegation at the International Monetary and Financial Conf., Bretton Woods, 1944; technical officer at the Inter-Am. Conf. on Problems of War and Peace, Mexico City (Chapultepec Conf.), 1945; vice-president and economic adviser, Export-Import Bank, Washington, 1945-47; consultant, ECA, 1948-51; and member of the International Development Advisory Board, 1950-51.

New York, New York
January 19, 1973
by Richard D. McKinzie, Harry S. Truman Library

The Harry S. Truman Library
Independence, Missouri
January, 1976

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MCKINZIE: Mr. Maffry, could you explain what moved you to go from an academic training at the University of Missouri into Government service in the early 1930s. It was 1935, wasn't it, when you entered the Commerce Department?

MAFFRY: 1934 actually.

MCKINZIE: I take it you were trained, however, as an academician.

MAFFRY: That's correct. I took my A.B. at the University of Missouri, and two graduate degrees at the University of Missouri. My first teaching post was at Dartmouth College, where I spent the years from 1930 to '34.

In 1934, in the fall of the year I was asked by Wayne Taylor, who was then the adviser to Secretary [Henry, Jr.] Morgenthau at the Treasury, whether I would

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be willing to come to Washington for a limited time to assist him in the work that he was doing for the Treasury, and I agreed to come. Initially it was to be for six weeks, I stayed thirteen years.

MCKINZIE: What transpired during the course of the six weeks that convinced you and them that a more lasting arrangement would be appropriate?

MAFFRY: Well, I was employed actually by the Department of Commerce in 1934, of which Wayne Taylor became Under Secretary, and I remained at the Department of Commerce until 1945, when I went over to the Export-Import Bank as Vice President and Economic Adviser. In the meantime, Wayne Taylor went from his post of Under Secretary of Commerce to the Export-Import Bank as Chairman and President. He then asked me to join him at the Export-Import Bank and I agreed to do so, and made this change in 1945.

MCKINZIE: Before you went to the Export-Import Bank you had, I think, some experience at the very important International Monetary Conference at Bretton Woods.

MAFFRY: Yes. I was asked by the Department of Commerce to

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represent it in the meetings leading up to the Bretton Woods Conference, and to serve as a technical adviser at the conference itself in Bretton Woods in 1944.

MCKINZIE: Did you have any feeling, Mr. Maffry, that the international financial institutions which were being conceived at that time were going to be fully adequate to the postwar task, that is, the task of reconstruction on the one hand, and the generation of greater international trade on the other? Do you recall your own feelings about this?

MAFFRY: Well, I had rather strong convictions that both the International Monetary Fund, which was created at Bretton Woods and the International Bank for Reconstruction and Development were absolutely essential to the rebuilding of the world's economy. I do not recall, and do not believe that at that time I had any feeling that this was all that needed to be done. I had a strong conviction that these two institutions were very necessary to the reconstruction of the world economy, which had fallen apart during the thirties.

MCKINZIE: Did you have any contact with Harry Dexter White, who was pretty much the architect of that?

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MAFFRY: He was indeed. Yes, I worked closely with him while he was at the Treasury and again at Bretton Woods, and had the highest regard for him.

MCKINZIE: His view of the most desirable kind of postwar international organizations, I gather, was somewhat different than that proposed by John Maynard Keynes, who represented the British in those negotiations. Were you aware at the time of those disputes between John Maynard Keynes and White?

MAFFRY: Oh yes. Of course, one of the principal features of the conference was the differences between Harry Dexter White and Lord Maynard Keynes. The objectives were the same, but their approaches and their techniques were quite different. As a member of the American delegation I was bound to support the American position, as put forward by Harry Dexter White. Although at the time, I believed that the Keynes approach was a better approach, and I think history has born this out.

MCKINZIE: Did you at that time think that most of your compatriots in the Department of Commerce and some other people in the Treasury felt as you did about this kind

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of approach?

MAFFRY: Yes, there were a number of us on the American delegation who felt that the Keynes approach was a superior approach to the problem, but the dominant voice was the voice of White through Secretary Morgenthau. And, of course, as members of the American delegation we conformed to the official point of view.

MCKINZIE: When you said that history has born out that Lord Keynes had a better view, you were speaking, I take it, of his view that there needed to be larger capitalization of those international units.

MAFFRY: Yes, and there needed to be a generally accepted substitute for gold, which he proposed should be something called "bancor," and which, as matters turned out, have come to be special drawing rights on the Monetary Fund, which is closely akin to what Keynes had in mind in the first place.

MCKINZIE: I understand from talking to a number of people who worked in agencies at the time that you did, that very many of them had ideas that the future ought to be characterized more by free trade than the past had

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been. Did you share that general economic view?

MAFFRY: Indeed. It was quite clear to us at Bretton Woods, and I think that this was true on all sides and among all factions, that the reconstruction of international trade was the other side of the coin; and that the two things, monetary reconstruction and the reconstruction of trade, were quite inseparable. Through the Fund and the Bank we were working for a system of multilateral payments, but the further purpose was to make possible a reconstruction of international trade. The preamble to the articles bears this out.

MCKINZIE: Did you have any real hope at the time of the Bretton Woods meetings that the Soviet Union might participate in this reconstruction effort, or did you personally sense that they might not?

MAFFRY: No. We had every reason to believe that the USSR would participate. They attended the preliminary meetings preceding the conference. They attended the conference itself. They actually initialed the articles as they were agreed upon at Bretton Woods, but actually never became members of the Fund or the Bank. It happens that I was designated at Bretton Woods to work

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with the Russian delegation, so I spent many hours with them.

MCKINZIE: Did you believe their own delegates expected to participate?

MAFFRY: I believe they did, but as in all such situations they were bound strictly by their instructions from Moscow, and when it came to the actual signing of the articles they were instructed by Moscow not to sign, to abstain, and so they did. This was a very dramatic situation. It occurred at a dinner following the conference, the closing day of the conference, at which the articles were to be formalized. And we didn't know until the last minute that the Russians had received instructions from Moscow not to sign.

MC.KINZIE: What after you came back from Bretton Woods?

MAFFRY: I went back to the Department of Commerce and was there for ten years -- another ten years. It was not until 1945 that I went over to the Export-Import Bank as Vice President and Economic Adviser. And as it turned out I became the principal loan officer of the Bank, and hence, responsible for making recommendations to its Board of

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Directors on proposed loans to foreign countries.

MCKINZIE: You must have been at the very heart of one problem that I read about in relation to the Export-Import Bank; and that is whether or not its loans should be made on the basis of political requirements or whether they should be made on a purely business -- on the prospects of repayment. How early was that a burning issue?

MAFFRY: The Export-Import Bank was created for the purpose of facilitating exports and imports to the United States, from the beginning it was authorized to make loans with a reasonable expectation of repayment, and I think this is a wise provision in the articles of the Export-Import Bank, which have been there from the beginning.

MCKINZIE: But were not there some pressures from the Department of State in particular, even as early as 1945, to provide loans in politically sensitive areas?

MAFFRY: In those days the Department of State was represented on the Board of the Export-Import Bank, and at that time, it was Secretary [Dean] Acheson who himself sat at the meetings of the Board of the Export-Import

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Bank. And there were times, a number of times, when the State Department, through Acheson, pleaded political necessity for loans by the Export-Import Bank.

MCKINZIE: And the Export-Import Bank I take it -- the directors, the governors, did decide that this, in some cases, was feasible -- it did have a part in implementation of foreign policy.

MAFFRY: Yes indeed, and I think it worked out very well. The Export-Import Bank came to work very closely with the Department of State, and was responsive to the arguments brought forward by the Department of State as to political necessity of financial assistance to certain foreign countries. The relationship was a very amicable one, and a very fruitful one. But I should explain that I'm talking now about the immediate postwar period 1945, 1946, 1947. At that time the World Bank, the International Bank for Reconstruction and Development, which was created at Bretton Woods was not yet operating; and this, of course, was before the Marshall plan came into being. In the meantime, and this is something that is, I think, largely forgotten, the Congress gave the Export-Import Bank authority to

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extend loans for war reconstruction in an amount of two and one-half billion dollars, which in those times was a very considerable amount of money. This was in addition to the normal resources of the Bank, and was intended explicitly for loans to assist the war-torn countries of Europe and elsewhere to reconstruct their economies.

MCKINZIE: So that there was a dual function then that they held as a....

MAFFRY: Clearly an economic purpose -- a political purpose -- inseparable.

MCKINZIE: I wonder if you would recount your experiences at the Chapultepec Conference in Mexico City in 1945? How did you happen to go there and what kind of work you did?

MAFFRY: Well there again, I went to this conference at the suggestion of Wayne Taylor, who was at that time president of the Export-Import Bank. The Chapultepec Conference was to consider postwar problems in Latin America, in which the Export-Import Bank was inevitably to be involved.

MCKINZIE: There were some Latin-Americans, I gather, who

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wanted immediate and rather large-scale financial assistance from the United States.

MAFFRY: Indeed, and it was necessary for the American delegation, including myself, to disillusion them, and to make them understand that it wasn't simply a matter of turning on the tap and having dollars run out, that loans were made for specific purposes with a reasonable prospect of repayment.

MCKINZIE: Is this by way of saying that some of the Latin-American delegates weren't very good economists, or is that an overstatement?

MAFFRY: More "unrealistic." They had expected grants or gifts instead of repayable loans in many cases. It had to be explained to them that this was not possible with the resources then available to the United States Government.

MCKINZIE: Sometimes I think historians tend to think that the resources of the United States Government were unlimited. But you were acutely aware in 1945 that there were limits? This is what the Congress and the people could and would...

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MAFFRY: Well, at that time the Export-Import Bank was the only agency of the United States Government that had any considerable funds at its disposal for loans to foreign countries. It had, in addition to its other resources, this special fund of two and a half billion dollars, which was intended primarily for reconstruction purposes in Europe. We sat down and on the basis of various considerations and in consultation with the Department of State to divide up this two and a half billion dollars among the war-torn countries of Europe.

MCKINZIE: Did you feel when the Chapultepec Conference was over that major Latin-American countries understood the realities of American loan problems?

MAFFRY: Yes, I think we were quite successful in explaining the position.

MCKINZIE: Then you also attended some very important inaugural meetings of the IBRD and IMF in November 1945?

MAFFRY: Yes.

MCKINZIE: Could you narrate what happened at Savannah, so far as you were concerned?

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MAFFRY: Well, following Bretton Woods there was a meeting at Savannah to tie up loose ends of the articles of the Monetary Fund and the International Bank, and then came the inaugural meetings -- formal meetings of the governors of the Fund and the Bank in Washington -- this was in 1946.

MCKINZIE: At Savannah, when the technicalities for those two organizations were being worked out. Do you recall any sense of urgency that that money -- development money -- must go to Europe rapidly? It was after all 1947 before the first loan was made.

MAFFRY: Yes. We went to Savannah and worked there under a sense of great urgency. There was great concern about the developing political situations in Italy and in France, in both of which the Communist movement was strong and getting stronger. There was a sense of great urgency to do something for a weaker country, such as Greece. And in the background, of course, there was a great sense of urgency as regards the obvious and large needs of the United Kingdom.

MCKINZIE: By the time of Savannah had you concluded, yourself, that it was necessary to use this financial

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assistance to stop the spread of Marxist ideology?

MAFFRY: Yes. We were completely persuaded of that point of view.

MCKINZIE: The 1946 meeting of the Board -- by that time I believe John Snyder was Secretary.

MAFFRY: John Snyder was Secretary of the Treasury, yes.

MCKINZIE: He said that if there were any keynote that he wished to make it was "<u>speed</u>" to get the Bank and the Fund "in operation at the earliest moment." Could you say something about why it did take so long, or, in your view, was it soon enough?

MAFFRY: Well, in view of the desperate needs of the war-torn countries the need was to set them up immediately and put them into operation, but this obviously could not be done. It took some little time to set up a functioning monetary fund and a functioning international bank. And it was perhaps more difficult to set up the Bank than it was to set up the Fund, but both were accomplished in a remarkably short period of time. And in the meantime, the only funds available for this purpose were

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the two and a half billion dollars given to the Export-Import Bank for the precise purpose of making loans to the war-torn countries of Europe.

MCKINZIE: That two and a half billion, however, was pretty much committed by the end of 1946, was it not? So that the U.S. financial pool was pretty well dry by that time.

MAFFRY: Yes. By the end of 1946 these funds were largely committed. At that time, the largest recipient was France, which got a loan of six hundred and fifty million dollars, and there came about this time an incident that I think has not been recorded. As the weeks and months went by, we were approached by representatives of all of the European countries -- France, Belgium, Netherlands, Italy, Greece, United Kingdom -- but never anyone from the Soviet Union. At no time did the Soviet Union approach the Export-Import Bank for assistance, but we thought among ourselves, and were encouraged by the State Department to determine that the Soviet Union did need assistance. One of the factors involved was the sudden termination of lend-lease, which cut off the USSR and our other Allies from the assistance that they had been getting under lend-lease. So, there was a meeting in the office of

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the Secretary of the Treasury, at which we considered the possibility of setting aside a certain amount of these funds for a loan to the USSR. And at that meeting it was determined that the amount should be not less than one billion dollars, considering the enormous needs of the USSR for war reconstruction.

I remember clearly that towards the end of this meeting the Secretary of the Treasury said, "Well, this is the sort of thing that I think the President ought to know about, and I think I should tell him." So he went directly to President Truman and told him that the Export-Import Bank was proposing to earmark one billion dollars for a loan to the USSR. The Secretary came back and he said, "I've explained the situation to the President, and he says to go ahead and earmark the fund."

Now, actually no loan was made by the Export-Import Bank then or at any other time, but the funds were there if they had come to ask for them.

MCKINZIE: And the President at one point approved?

MAFFRY: The President gave his explicit approval to the earmarking of these funds for a loan to the USSR.

MCKINZIE: This Judge [Chief Justice Fred M.] Vinson you are

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talking about then was Secretary of the Treasury?

MAFFRY: Vinson was Secretary at the time. And he went across the street to the White House and got the President's approval. This it seems to me is another example of the capacity and willingness of President Truman to make decisions, and, as far as I'm concerned, correct decisions.

MCKINZIE: The recommendation which Secretary Vinson took to him and in which you concurred was based upon what you conceived to be real needs of the Soviet Union?

MAFFRY: Real needs of the Soviet Union considering that lend-lease had terminated.

MCKINZIE: How did you happen to get into work with the Economic Cooperation Administration? Could you go from this period in 1946 to the beginning of your work in 1948 with the ECA?

MAFFRY: Yes. At the end of 1947 I resigned from the Export-Import Bank with the feeling that it had played its role in the postwar reconstruction and that that period was at an end, and that I should leave the Bank

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and the Government service and go into private business. So I resigned from the Export-Import Bank at the end of 1947, and two months later I joined the Irving Trust Company in New York, a commercial bank. Shortly thereafter, the Marshall plan was getting underway and Paul Hoffman called the chairman of the Irving Trust Company and asked if he might borrow me for a period of some months to help get the Marshall plan underway. The chairman of the Irving Trust Company agreed and I went to Washington in May of 1948 to work with Paul Hoffman, and I was connected with the aid agency -- the successive aid agencies for a number of years thereafter.

MCKINZIE: Could you explain the kinds of thing you did and what you perceived your mission to be?

MAFFRY: Well, in the first days of the Marshall plan we again had the problem of determining needs and requirements of the recipient countries. We had some idea of how much money was going to be available over a period of years, and our job was to divide it up on some rational basis -- should meet as nearly as possible the requirements of the countries involved.

MCKINZIE: So you were working then on country analysis?

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MAFFRY: That's right, which was obviously not much different from what I had been doing at the Export Import Bank.

MCKINZIE: There were some Europeans who later said that they overstated their needs, particularly in the beginning. Did you have any feeling of that -- that maybe they were asking for two dollars expecting to get one, or some such?

MAFFRY: Yes, this could happen in a number of cases. The demands made upon the Marshall plan -- the initial demands made upon the Marshall plan -- the initial demands particularly were overstated, and it was our job within the agency, the Marshall plan organization, to cut them down to what was possible and what was useful.

MCKINZIE: In the course of the cutting was there in those early days the idea of cutting in such a way as to further the integration of European national economies? Maybe more specifically my question is: how strong was the feeling that integration of European economies was to be one of the major purposes of Marshall plan aid?

MAFFRY: Yes, this purpose emerged at a very early stage in the Marshall plan. The idea of a unified Europe; first

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in the form of a customs union and then going beyond that to a monetary union and a full-fledged economic union.

MCKINZIE: In the course of cutting these funds, or in the course of allocating, I should say, these funds was there a conscious effort to allocate them in such a way as to provide for the actual integration of European economies? Were you yourself, conscious of this design?

MAFFRY: Yes, and we did some things specifically towards this end. For example, all of these countries had been drained of their monetary reserves and we typically added to the stated requirements of these countries, whether they had asked for it or not, a certain amount to enable them to acquire and build monetary reserves, and thus to be able to join in a system of free multilateral payments among the European countries. And, actually, the first European monetary organization emerged from these efforts.

MCKINZIE: Did you deal with any particular country?

MAFFRY: No. It was across the board as far as I was concerned.

MCKINZIE: What kind of an economic staff did you have in ECA

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Washington? Did you have any general impression of the personnel that Paul Hoffman brought into his organization? Were they kindred spirits to you?

MAFFRY: They were indeed. We were a very happy family. We worked long and hard towards a common purpose which was the reconstruction of Europe.

MCKINZIE: The reconstruction of Europe, I take it then, included the ability of Europe to be financially...

MAFFRY: Including monetary reconstruction, yes. And it must be said that Paul Hoffman was, throughout this period, a great leader, a great inspiration who held the thing together.

MCKINZIE: Someone has said that maybe Government agencies have a kind of life cycle -- the early phases show a kind of youthful exuberance, did you feel that in the ECA and others?

MAFFRY: Yes indeed. We had a strong sense of purpose. We had a mission. Actually this was done by a handful of people. So we were a very small group and worked very closely together.

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MCKINZIE: Then you saw -- in your connection with the ECA -- the purpose of the aid program go from that very early hope for total economic reconstruction diverted in about 1950 to military reconstruction. How did you feel about this? Was it something that was inevitable? I'm trying to say that in the first phases there was no military component to European recovery.

MAFFRY: There was none, but I think we all recognized that sooner or later this element would have to come into the picture, and of course it did.

MCKINZIE: And it was with no particular regret then that some gains had to be postponed as you viewed the circumstances of 1950?

MAFFRY: No, no. Our purpose was economic reconstruction, but we all realized that European countries had to re-establish their defense organizations and some of the money, of course went to that purpose.

MCKINZIE: Did you feel by 1951 that the job had been satisfactorily completed and that the administration of the funds had made a difference; that the funds administered by the United States in cooperation with European countries

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had a greater effect than if there had been just grants in 1948? Well that's two questions: One, did you think that it had done enough? Two, did it make real difference to them to have it administered in the way it was administered?

MAFFRY: We felt, perhaps with some self-serving, that the program had been remarkably successful, that the funds allotted to the European countries had been used for the intended purposes with relatively little leakage to our purposes. What we had done was obviously not enough, but it sufficed in a number of cases to rescue European countries from what might have been from our point of view a most unfavorable political turn, or even political chaos. This was particularly true in the case of France and Italy. Of course, by this time the International Bank for Reconstruction aced Development was getting into operation and getting itself into a position to take over some of the load that had been carried initially by the Export-Import Bank and then by the Marshall plan.

MCKINZIE: When one looks at the objectives of the ECA -- one was to prevent social and political deterioration. Another was to increase world trade and economic

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integration. There seemed to be others too, and one was the protection of vital sources of raw materials for the United States. Did you have any dealings, as an economic adviser to the ECA, with the dependent overseas territories of Great Britain and France which contained vital raw materials -- I'm speaking specifically of Indochina and that part of the ECA program.

MAFFRY: Yes. This factor came into play inevitably and we were very much concerned, for example, with Indonesia as a source of rubber, tin, other essential materials. We did, in fact, make a loan to the Netherland Indies, as opposed to the metropolitan Netherlands. I think it was a loan of a hundred million dollars, for the purpose of restoring the capacity of Indonesia to produce and export essential raw materials.

MCKINZIE: The reason I'm raising this question is that in 1950 you joined the staff of the International Development Advisory Board, after having had a good deal of experience with ECA operations.

MAFFRY: That's correct.

MCKINZIE: And the International Development Advisory Board

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was rather critical of what had been before. What kind of a position were you able to take in those deliberations? They were critical in the sense they wanted all of it united; they wanted technical assistance, economic assistance brought together. Do you recall anything about your discussions with Stacy May?

MAFFRY: Yes. I do recall very well. This was a question of how best to organize the aid agency and we had long discussions over the proposal to centralize or decentralize the functions of the agency.

MCKINZIE: Do you recall who argued what positions and the essence of those -- the points they brought to bear?

MAFFRY: Well, there was a strong feeling in some quarters, and I think Nelson Rockefeller in particular, that the Export-Import Bank ought to be brought into the aid agency and have access to its resources, which of course was not done.

MCKINZIE: The report of the Advisory Board had advised that there be regional development authorities established...

MAFFRY: Yes, yes.

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MCKINZIE: ...pretty much on the model of the Latin-American program, which had been run by the Institute for Inter-American Affairs. Did you conceive the Latin-American model to be a good model, or do I misconstrue the intent of the Advisory Committee?

MAFFRY: Well, my recollection is that we were rather more inclined towards the European organization, which is now the EEC.

MCKINZIE: The International Development Advisory Board report came on the heels of another report by Gordon Gray about U. S. foreign economic policy, which advised, I think, that technical assistance be stepped up, and that the United States spend a minimum of a five hundred million dollars a year on technical assistance.

MAFFRY: Yes.

MCKINZIE: Did you have any dealings with Henry G. Bennett who was the director of Point IV at that time?

MAFFRY: No. I don't recall that I had any contact with him at that time.

MCKINZIE: His view was that that was too much -- that the

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Point IV agency couldn't competently oversee the development of the administration of that much money and that much money could not be used effectively. Was that argument ever brought up, to your recollection in the deliberations of this?

MAFFRY: Yes, it was.

MCKINZIE: But not conceived to be valid then?

MAFFRY: No. We didn't agree with it.

MCKINZIE: How strong do you think Nelson Rockefeller's influence was at this time?

MAFFRY: Well, it was quite strong.

MCKINZIE: Even though the report didn't get translated into action.

MAFFRY: Even so. Even so, he had a strong voice in these matters at that time.

MCKINZIE: What influenced your actions in 1951 when the report of the Advisory Board was finished?

MAFFRY: Well, about this time it became clear that one of

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the most urgent problems was that of restoring the capacity of European countries to export in order to earn foreign exchange to pay for imports. I was asked to make a tour of the European countries, to give them what advice and assistance I could in setting up export drives and in particular exports to earn dollars. And with this mission I did go to Europe in 1952 and visited France, Italy, the Netherlands, Belgium and Germany.

MCKINZIE: Could you see that your previous work had had an effect?

MAFFRY: Oh yes, very clearly.

MCKINZIE: And when the Truman administration ended...?

MAFFRY: I was back in Washington, back at the Export-Import Bank.

MCKINZIE: Did you have any contact with President Truman?

MAFFRY: I had no personal contact with him. While I was at the Export-Import Bank Wayne Taylor had access to the President and so did Herbert Gaston, who had been Assistant Secretary of the Treasury. He had come over to the Export-Import Bank as vice-chairman, and second

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in command to Wayne Taylor. But their story involves Israel.

It was in 1948, as I recall, that Israel, then a newborn state, came to the Export-Import Bank and applied for the loan of thirty-five million dollars for housing. Housing to take care of the immigrants that were beginning to arrive in large numbers in Israel. Now at this time Israel was a new country and largely dependent upon world Jewry for her existence. The nation was largely dependent upon the gifts and purchase of Israeli Bonds by American Jewry in particular, so it was difficult, if not impossible, to demonstrate to the satisfaction of the Board of Directors at the Export-Import Bank that a loan to Israel, especially for such a purpose as housing, had a reasonable prospect of repayment; and I could not so state to the Board or so recommend to the Board. At this point, I remember that Herbert Gaston, Vice-Chairman of the Board, said that he wanted to talk to the President about it. He left the meeting. He went to the White House. He came back, and he said, "The President says make the loan," and of course, we did. It turned out to be a good loan.

MCKINZIE: Did any of the Secretaries of State under whom you worked have similar strong feelings about particular

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loans?

MAFFRY: Oh yes, especially Acheson.

MCKINZIE: Do you recall in particular those which he strongly favored and reasons he gave?

MAFFRY: Well, another proposed loan at this time was a loan of a hundred million dollars to Italy, which was very controversial, again on the question of prospect of repayment. And William McChesney Martin, who had become president of the Export-Import Bank, was not favorably disposed, because he objected strongly to the form of economic organization in Italy, a sort of a state capitalism, but Acheson was very firm in insisting that this loan had to be made and it was made. And again, it turned out to be a very useful loan; not only useful to Italy, but to the United States.

MCKINZIE: Has anyone ever kept account of the loans that were not repaid during that period? Has the percentage of repayment been good?

MAFFRY: It has been excellent. There are very few loans made during that period that were not repaid in accordance with their terms. One exception, a not very surprising

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one, was a loan to China, which was a loan for shipping for the acquisition of merchant vessels. This loan later went into default, and I think is still unpaid. I can think of no other instances in which loans by the Export-Import Bank were not repaid in accordance with their terms.

MCKINZIE: When you were with the ECA did you happen to work at all with Averell Harriman's ECA staff in Paris?

MAFFRY: Yes, I did. I spent some time in Paris in the offices occupied by Harriman and his staff. I was at that time working on the problem of dollar exports, and worked with his staff on that and related subjects.

MCKINZIE: How would you describe the relationship between ECA Washington and ECA Paris?

MAFFRY: It was very close and good, a good relationship.

MCKINZIE: Paul Hoffman and Averell Harriman agreed on the important matters?

MAFFRY: They got on very well together, which is not surprising, considering the two personalities. They are both very broad-gauged and farseeing men. I don't

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recall any difficulties or any real friction between ECA Washington and the Paris organization.

MCKINZIE: What were your relations with the economists of France or Italy or ECA countries? Did you find them to have a better perception of economic development theory, and of the realities of American politics than you found Latin-American economists to have in 1945?

MAFFRY: Yes. The economists, the bankers, the officials of Western European countries were clearly more sophisticated, particularly in matters of development and reconstruction than their counterparts in Latin-American countries. Hence, it was easier to work with and to reach schedules of requirements, and to see to it that the money made available went to the intended purposes.

MCKINZIE: None of them ever suggested to you that U.S. advice of an economic nature constituted any kind of intervention?

MAFFRY: No. This was never said to me. I never had any feeling that our European friends had this feeling themselves. The whole thing was done in a good spirit

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of cooperation.

MCKINZIE: Do you recall any incidents during those years that, you were in the ECA, which might illustrate either the nature of the organization or the nature of any of the problems, which the ECA encountered from time to time; either as they affected your own thinking or as they affected notable people?

MAFFRY: Well, one of the specific problems that cropped up was the European requirement for American cotton in order to get their textile mills going again. This was a problem with which I happened to become involved, specifically in the case of Germany. And I went with a mission to Germany, a special mission, for the purpose of restoring the supply of American cotton to the German textile mills, and we were successful in working this out.

MCKINZIE: Did you have to deal with Lucius Clay at that point?

MAFFRY: Yes, indeed.

MCKINZIE: How did you find his view about European economics and reconstruction; enthusiastic to allow the Germans to

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handle it themselves, or did you feel that there was any kind of...

MAFFRY: Lucius Clay is, of course, a very strong character. He was very pleased at the things that had been done, although he thought there was much more that needed to be done. He was a strong believer in self-help, and argued in particular that the Germans had to find their own way out of their problems.

MCKINZIE: What was your own view about the place of Germany in the European economy?

MAFFRY: Oh well, it was central.

MCKINZIE: That there could not be a rebuilt Europe without a rebuilt Germany?

MAFFRY: This was quite clear to all of us. It's well-known that at one time different views were held in the Treasury, especially by Secretary Morgenthau, and that different views were put forward at the Quebec Conference among Roosevelt, Stalin, and Churchill, but so far as we were concerned we were convinced beyond any doubt that the reconstruction of the German economy was essential to the reconstruction of the European economy, and we worked

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towards that end.

MCKINZIE: This was a view you held even at the time Secretary Morgenthau was advocating a "pastoral" policy?

MAFFRY: Very strongly, yes. We made our position quite clear to Secretary Morgenthau, although he obviously did not agree with us.

MCKINZIE: His view was that Britain could assume the position in Germany.

MAFFRY: That's right.

MCKINZIE: Did you have a very close relationship with Secretary Snyder?

MAFFRY: Very close indeed; first name. I thought very highly of him. I think he's probably one of the most undervalued Secretaries of recent times. He was a good Secretary of the Treasury.

MCKINZIE: What qualities made him a good Secretary?

MAFFRY: Well, he was a very down-to-earth person. He was easy to brief. You had to tell him something only once. He had easy comprehension. He was very firm in

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stating his own views, and of course, had a special relationship with Truman, which was very useful on occasion.

MCKINZIE: Did it bother you as an economist or as a man who was involved in an international organization like the ECA that the Treasury Department and the Export-Import Bank and a number of other agencies shared foreign policy decision making and implementation? Did the fragmentation appear, at any time, to be hindering so far as you were concerned?

MAFFRY: Yes. We had this feeling at times, but at the same time we appreciated that it was probably inevitable in the Washington bureaucracy that authority and responsibility would be split up among a number of agencies.

MCKINZIE: Did you feel particularly that any of those impeded what needed to be done?

MAFFRY: At no time. The Treasury had pretty much the dominant voice during this period. State had a strong voice, but I never felt that State overplayed its hand; certainly Acheson did not, nor did Will [William C.] Clayton, nor did [Honore Marcel] Catudal, who was at

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that time in State and closely collaborating with Acheson.

MCKINZIE: Did you generally share the views, economic views of Will Clayton?

MAFFRY: Yes indeed.

MCKINZIE: I gather that very many of the consulting economists and staff economists could agree on that and so many politicians couldn't, in the sense that he was never able to get through Congress the kind of tariffs and the kinds of programs, really, that would be fully consistent with his views?

MAFFRY: Well, because of the play of special interests it's always difficult to get measures through Congress which liberalize trade, which encourage imports into the United States. This is always difficult, and unfortunately Will Clayton was no more successful than many others in getting the politicians on the Hill to agree with him. Of course, all of us economists thought he was right.

MCKINZIE: Mr. Maffry, if you were asked to rank those five, seven years after the war in your own career would you call them exciting, would you call them productive,

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would you call them years of fulfillment; among the many things that you've done, how do you now look back on those?

MAFFRY: I look back on those years with a great deal of satisfaction. They were interesting years. We worked like dogs, but we were pleased with our accomplishments. I look back on that period with a great deal of satisfaction and pleasure.

MCKINZIE: Thank you, Mr. Maffry.

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