

Oral History Interview
with
C. TYLER WOOD

During the Truman Administration served as special assistant to the Assistant Secretary of State for Economic Affairs, alternate member U.N.R.R.A. council, 1945-46; deputy to Assistant Secretary of State, 1947-48; assistant to Deputy Administrator, E.C.A., 1948-49, Assistant Administrator for Operations, 1949-50; Deputy U.S. Special Representative in Europe, 1950-52; associate Deputy Director Mutual Security Agency, 1952-53.

Washington, D. C.
June 18, 1971
by Richard D. McKinzie and Theodore A. Wilson

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WILSON: You know, I think, something about our project.

WOOD: Yes, I've had one or two letters...

WILSON: Right.

WOOD: I've heard about it and I'm very eager to contribute anything I can to it because I had a tremendous admiration for Mr. Truman; not that I was in an exalted enough position to have much to do with him. But I did sit in with Paul Hoffman on a couple of the sessions with him

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about personnel, with Donald Dawson; and I was privy to what was going on in the Marshall plan development. So, perhaps I may remember some things that will be of some help to you. I'm not totally sure my memory as to dates is reliable, I assure you.

WILSON: Well, those things of course, can be checked. I wouldn't be concerned about them in making some comment, even though you're not precisely sure that you have the exact day or even the exact person. What we've found in doing these interviews is that, one, it is the tone of policy -- the shadings of policy that come forth and are extremely useful to us. And, two, there are the relationships between people and between organizations, and if you're looking at documents and looking at records, that is sometimes difficult to fill in.

WOOD: That is very true.

WILSON: So it isn't exactly what was involved...

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WOOD: Then one's memory on that sort of thing would be somewhat more reliable than just when something happened or who said what or...

WILSON: Yes. Very helpful.

MCKINZIE: If it seems that some of our questions may not be precisely on the topic of foreign aid, it's in part because Dr. Philip C. Brooks, the Director of the Truman Library, has asked us in these interviews to ask some fairly wide-ranging questions about your Government career which would be of use to, perhaps, someone other than the people interested in just foreign aid. We'd like for you to go back as far as the War Production Board if you have any

WILSON: Maybe the first question we might ask is -- why did you enter Government service?

WOOD: That's kind of an interesting story. I was minding my business up in New York as the head of a New York Stock Exchange firm, and I was

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going into the building where my office was and I ran into a classmate of mine from Princeton, Erskine White. He stopped and talked and I said to him, "What are you doing?"

"Well," he said, "I just went down to Washington. I'm working in the War Production Board and I'm up here in New York trying to recruit people to help us."

And he went on to tell me how he was working on production under General William H. Harrison, who was then the operating vice-president of the AT&T company, and this fellow was one of the top officers in the New England Telephone Company.

Well, to make a long story short, I was interested. It was right after Pearl Harbor, late December 1941 or early January '42, I think. And the next thing I knew I'd filled out an application and they brought me down here and put me on the job on the War Production Board. I was excited as we all were about the attack on Pearl Harbor and wondering whether there wasn't

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something I could do. That's how I came to Washington.

WILSON: So many of the people we've talked to and so many of the individuals who had important service later had that experience and particularly with the War Production Board. In a way it was like a fraternity.

WOOD: Well, it was a remarkable aggregation of able human beings, none of them quite knowing what to do at the outset. It was the kind of confusion, however, that stimulates people and causes them to put forth their best effort. I had more fun in those early days just working on the various problems they had. Then, General Harrison was asked to come over to the Army. The Pentagon wasn't fully built at that point and there was a lot of mud around it. And he asked me if I'd come over there with him, so I went over to the Pentagon with him. In another three or four weeks I received my official appointment. I went

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to the War Production Board in January '42, and was in the Pentagon, later '42 to '45.

MCKINZIE: What were you doing, primarily, during this period in the Army?

WOOD: In the Army, I was in the production division of the Army Service Forces, and I was working on all sorts of problems and bottlenecks -- organization of the procurement services of the Army, and that sort of thing.

Another fellow and I were put in charge of reorganizing the procurement division of the Surgeon General's office of the Army. In charge of this division were several colonels close to retirement age with little knowledge of modern procurement methods and procedures. There were all sorts of problems. I wandered around and took a look at the inefficient operations, based on peacetime experience, and, by bringing in some men from industry who were knowledgeable about procurement practices and problems, got things moving;

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it was remarkable what could be done -- with just a little knowledge and common sense, and with younger people. Then it was decided to try to do something similar in the case of the Signal Corps. There turned out to be a lot of improvements that could be made in that branch of the Army Service Forces. I also worked on improving methods of forecasting requirements, both for items of equipment and the raw materials needed for production of them.

WILSON: We have a feeling there were a lot of very capable people that came into the Government service during the war.

WOOD: There isn't any question about it; there were men of the greatest ability. I was associated with some young men that General Harrison brought in from the telephone system. They were among the ablest I've ever worked with. One of our officers was later a financial vice-president of one of the operating companies of the Bell System, and then,

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subsequently, became president of the Michigan Bell Telephone Company and then of the Illinois Bell Telephone Company. Harrison just picked these fellows on the basis of their ability, and it was a most remarkable group all through.

They had some amazingly able people from finance, business, law -- some of the smartest lawyers I've ever seen -- and production people. George Woods, for example, who is now president of the World Bank, was one of our co-workers in the production division in the Army Service Forces.

WILSON: One of the issues that has come up most often in our research, and we are intending to make it something of a thesis, is that in understanding various programs -- foreign aid programs during the war and after the war -- the pivotal question of the successes they had and the failures they had is, in a sense, a question of personnel. In another way, a question of administration, bureaucracy, procedures. It is something that is not given

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attention, really, in the history of the period. The sort of thing I'm trying to get at is, I talked to Ambassador [Henry J.] Tasca last summer, and he made a very strong argument for explaining the remarkable success of the Marshall plan was a result of it being carried forward by a new agency. And he made a very strong argument for explaining certain problems that occurred in '51 and '52, because the agency had lost whatever impetus its newness gave. So what would you say about that general question?

WOOD: Well, these agencies are like human beings; they are born, they go through a very vigorous youth, manhood, then age and senility. I would agree with him, that the fact that this is a new agency meant a great deal to its eventual success. As a new agency, but not solely because it was a new agency -- we mustn't forget that the challenge of the vision of what has to be done, what needs to be done, is significant. Also, the interactions then probably stimulated the people whose attraction

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to a new agency was (a), it's new, and (b), it has an exciting job to do...

MCKINZIE: The new agency has the power to carry it through.

WOOD: Sometimes, in a situation like that, where you're breaking new ground, you will find the power to carry the job through is narrowly circumscribed and under such circumstances people will become frustrated and say, "To hell with it," and get out.

WILSON: Would you say that's what happened to the War Production Board about 1945, that it had reached its maturity, that its function had been fulfilled?

WOOD: Well, I don't know whether I'd go as far as that. I would say this, that by that time the bloom was off the rose. There had been a sort of bureaucratization, and also by 1945 there wasn't as much urgency involved as there was when we were just starting in with a hell of a mess and no one knowing what to do -- everybody shouting for production, for raw materials,

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and the like. I think to a considerable extent that's what happened, too.

WILSON: Well, we're trying to relate aid to the question of reconversion, and that's a tangle -- with the OWMR coming in, and the efforts to carry over the War Production Board into the postwar period. Do you have any general impressions of what the views were, in '44 and '45, about what was going to be needed as far as aid and the relation...

WOOD: Well, there was, of course, a lot of discussion at one time or another, particularly in the early days of the Marshall plan, as to whether the U.S., with the wartime shortages, could afford to send all this wheat, all this steel, and all these other things over to Europe. And if you look at the legislation and Congressional hearings, I think you'll get the impression of how people, particularly in those areas and in Congress, were concerned that we not go overboard. Amendments to the legislation were introduced, providing that not more than a certain amount

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of certain commodities should be supplied and that a particular commodity should not be used in the aid program if the supply falls below a certain level. That sort of thing was going on. But circumstances change rapidly and prices of some of these items rise and cause lower demand, and then a lot of people are saying, "For Gods sake, can't you use more wheat and corn and other things in your aid program, because we've got a glut here now." I remember Senator Alexander Wiley of Wisconsin in the Senate beating us over the head to make use of more butter and milk. These things do shift tremendously. It wasn't too long after the war, as I remember it, before the whole question that the War Production Board dealt with -- that is, how to set priorities and make the best use under these priorities of scarce materials and productive craftsmen and the like it wasn't long before that was over.

MCKTNZTE: You then went from the Army -- from the Pentagon -- to the State Department. How'd that happen?

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WOOD: That was a very interesting thing. My boss in the Army at the time was Howard Bruce, who had been a leading industrialist before the war, and who later became the deputy administrator under Paul Hoffman, in the ECA, the Marshall plan operating agency. Howard and

I were beginning to think about the very different problems we would have to deal with after the war was over. I was put in charge of planning for the demobilization of industry. This involved going through the Army Service Forces and making them begin to think about what their needs would be for the things that they had under production, how rapidly their needs would be reduced, how large their stockpiles might be, and then planning and giving some advance notice to cut back. We prepared telegrams which could be sent out promptly to the producers of war materiel to stop production so we wouldn't build up these huge, unnecessary stockpiles as we did after the First World War.

So, this had gone reasonably well. I was sitting down with Howard Bruce and he said,

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"What are you going to do after the war is over?"

"Well," I said, "I suppose I'll go back to my brokerage business in New York."

And he said, "You don't sound very happy about it."

I said, "No."

And he said, "Why not?"

"The one thing that really excites me now is that the future of the world is going to depend on whether we can make a real peace and perhaps the lives of the people of the world will depend on whether we can work out some kind of agreement or accommodation with the Russians in this postwar period. I'd like to work on that, because whether the U.S. and Russia can live together in the world without destroying each other, is the most important question facing us in the next fifty years."

I had the naive idea at that time, that all you had to do was to be kind and generous and meet

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the Russians more than halfway and give them the impression that you were merely friendly and did not want to defeat them in the world, or destroy them, and you could work this out. I am a fairly good negotiator in personal things, and I thought maybe there was something I could do in that line. Certainly I was due for a rude awakening. In any event, Bruce said, "Well, I'll see if I can do something about this."

The next thing I knew, when I went to say goodbye to General Brehon Somervell, Commanding General of the Army Service Forces, who was Mr. Bruce's boss, he said, "Howard Bruce told me you would like to try to do something about the relationships between the United States and Russia. He said, 'If you'd like, I'll call up my friend Will Clayton, and suggest that you talk with him.'"

I said, "That would be wonderful."

The next thing I knew, I got a call from Mr. Clayton, who was then Assistant Secretary of State for Economic Affairs [later Under Secretary of State

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for Economic Affairs), asking me to come to see him. He started our talk by saying: You get a pretty fine recommendation from General Somervell. He told me he has a high opinion of you and that he couldn't criticize you for anything except the fact that you didn't have sense enough not to want to work for the State Department."

Mr. Clayton and I discussed what I might do. During our talk I suggested that he must have many difficult problems to deal with -- so many that he couldn't pay enough attention to all of them. I asked him whether it wouldn't be a good idea to select one of these problems -- perhaps the one he was worrying about most at the time -- turn it over to me and try me out on it to see whether I could handle such things.

He said, "That's a good idea. I'll put you in charge of the division in my office that deals with UNRRA. I know that things aren't going well there. I don't know what the reason is, and I

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haven't the time to spend on it."

So this is how I got into the aid business. Will Clayton put me in charge of the organization that had to do with the American relationships with UNRRA. I became a member of the Central Committee of UNRRA, on which sat Mike [Lester] Pearson who later became Prime Minister of Canada, Roger Makins, who later became British Ambassador to the U.S., and people like that. The United States, of course, was the main support of UNRRA, so everybody was after us all the time.

WILSON: At the time you came into Clayton's office, the involvement of the State Department in economic affairs was both a very novel and extremely important phenomenon. What did this office...

WOOD: Into this office had come many of the really able new people, because here was something novel. For example, Paul Nitze, who later became Assistant Secretary of Defense, was there; and also Pete [Emilio] Collado who became vice-president

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of finance of Standard Oil of New Jersey, and Clair Wilcox, who died recently, who was a professor of economics at Swarthmore. This was an exciting group of people that had come into this new and challenging operation; Will Clayton was great in this sort of thing. So you had the same kind of atmosphere in that area, that carried right on through UNRRA and into the Marshall plan, that you had in the War Production Board when I first went there, and the Army Service Forces when I first went there. I was one of these lucky fellows in the middle of the action, working on new and uncharted operations with the kind of people who were attracted to that sort of thing.

MCKINZIE: What would you say was the status of the Department, and more particularly of this group around Clayton, within the framework of the administration and making of policy?

WOOD: Well, it was at first very considerably suspected and feared by the old line State Department.

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There were some of the really able people in that field who saw the essential nature of it; Dean Acheson, for example. He and Will Clayton were very close. But down the line in the Department, there were some qualms. People who had been brought up in the traditions of diplomacy were naturally skeptical about all the hard hitting emphasis on economic issues. But rapidly this new element in the State Department became so strong and so active in those areas where most of the Foreign Service officers didn't have the background, that it began seriously to overshadow some of the more traditional State Department activities. Of course, you had this powerful and wonderful, quiet man in Will Clayton, who just picked things up and went on with them. And there were a lot of very able people on his staff. I remember Ken [J. Kenneth] Galbraith who was in the German area, Charlie [Charles P.] Kindleberger, who later became a famous economics professor at MIT. It was a magnificent group of

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able, energetic people.

WILSON: Would it be fair to say that one of the conflicts between this group and the old line State Department was reflected in a different approach to the problem of world economic integration? Under Cordell Hull, many State Department people for a long time had advocated the theory of multi-lateralization of trade and production discriminatory arrangements. We had the impression that some of the things that the Clayton office was doing was a more practical, sort of down-to-earth attempt to get at these problems.

WOOD: Well, I think it's fair to say this, although I know that Clayton and Clair Wilcox were exceedingly keen about freeing up trade and ending quotas and so on, and they had a great deal to do with all the GATT negotiations. So there wasn't any academic or theoretical clash there. I think there was, perhaps, a greater tendency on the part of economics people to say, "Well, here's the immediate problem.

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We look forward to this, but we'd better do something about it now." For example, we, of course, and very particularly Hoffman, pushed very hard to bring about European integration in ECE and OEEC, and to set up the European Payments Union. This in the mind of the purist was in a sense heresy because in seeking freer trade within Europe there was set up a bloc which, in fact, was permitted to have quotas on imports. In that respect, I think we did find some nervousness in the State Department. But I didn't have the impression that there was any major clash.

WILSON: We were aware of that kind of a contrast later, between the theoretical push for worldwide freeing of trade and the practical approach to allow Europe to revive.

WOOD: Precisely. And, of course, our principle, and we believed in the people of Europe, was that we must somehow strengthen this Europe as one of the major elements in the prevention of the success of

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Soviet aggression. We had been there and seen their dastardly attempt to undermine and destroy the recovery of Europe in order that their Communist parties could take over, literally, France and Italy. We'd seen them take our grain out of Austria, which we sent in there, in order to use it in Yugoslavia and some of their satellites. For that reason we just couldn't possibly put anything higher at that stage of the game, whatever the theory might be, than strengthening this element, Western Europe, this one other element that might be the difference between righting the balance between the Communist world and our world.

WILSON: One more brief question on this; would it be fair to say that the theoretical approaches ended up more in Treasury than in any other place? We got that impression...

WOOD: I do remember that some of the economists in the Treasury were very much concerned about this. The people I dealt with there, however -- and I dealt

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with a number of them -- most of them recognized this problem. They kept saying, "We've got to multi lateralize and work against a Kremlin bloc that will be a closed system." There were some of them, but I don't recall any very all-out attempt to sabotage or to prevent the development of the strength of the European Payments Union, for example. The Treasury attaché in Paris, a man named [William] Tomlinson, I remember, was a very able fellow. There were considerable clashes between him and Robert Triffin, who worked for me in Paris, who is still one of the leading authorities in his field. But they were more over the details and not over the general idea that we had to build a system of strength in Western Europe.

MCKINZIE: When you took over this problem of UNRRA, could you feel the decline of UNRRA? Were you enthusiastic about the prospects of reconstruction of Europe through UNRRA? There seems to have been some progressive disillusionment about UNRRA, its organizational practices, and perhaps even

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about its purpose as the cold war began to make itself felt.

WOOD: I think this change in the situation did come about. It seemed to me that UNRRA had been a magnificent stopgap, with all its urgency. I was very keen about it. Clayton and I defended the appropriations with all our power in the Congress. I soon became aware of its weaknesses. There were many; the fact that the resources came almost entirely from our country and the fact that the Russians -- and I assume deliberately -- the Russians were using it in a most cynical way, to tighten their hold on Eastern Europe. They were rebagging our grain and putting the hammer and sickle on it and distributing it to Czechoslovakia.

They had a Russian print on it. There was a tough guy, head of the UNRRA Mission in Yugoslavia, who was filling up his mission with Communists and preaching the Communist doctrine. It was very clear that this kind of an organization in which

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the Russians had an equal voice with us, put us at an unfair disadvantage. For example, they cynically went ahead and got three votes in the UNRRA Council by claiming that White Russia and the Ukraine were independent nations. So it became very clear to me before too long that UNRRA was nothing but a stopgap. I've often said to people here recently, when Mr. William Fulbright has been advocating multinational aid, rather than bilateral aid, that if people think the Congress of the United States will buy that lock, stock, and barrel, they had better look at some of the hearings that Clayton and I testified at in those days. It was very clear to me that all these things came more or less to a head in the Russian behavior, in the inefficiencies of such an international organization, and the fact that it was supported by one nation (the U.S.) very largely. Of course, the British and the Canadians were in there and I'm not criticizing them; they didn't have the resources to make greater contributions to UNRRA. Finally, there was the fact that this

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kind of an organization was becoming increasingly unpopular with our Congress when the Congress voted the money and then had nothing to say about how it was administered. And stories were coming back about the inefficiencies and the way some of the goods were being put to use in other ways than intended. This led to a terrific battle with [Fiorello] LaGuardia. Finally the issue came to the U.N. and I was sent up to back Adlai Stevenson in supporting our position that UNRRA had been a great thing but UNRRA had better be wound up and we had better go to bilateral aid.

One of the most interesting memories was the time I had to go out and sell Mrs. Eleanor Roosevelt the idea. LaGuardia had gotten to her, and she then wrote a letter to the Secretary of State, and called up and said, "I think this is unconscionable that the United States should pull out of UNRRA at this time and demonstrate to the world that we have no heart," et cetera, et cetera.

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Acheson and Clayton tried to talk to her on the phone, and she was absolutely adamant. So, it was decided that I would go up and see her and see what I could do about this. This was interesting; she was a member of the U.N. delegation at that time. Fortunately, one of my good friends, James P. Hendrick, was her personal assistant. He later became my personal assistant in the Marshall plan operation. I went up there and saw him, and said, "I've got to see Mrs. Roosevelt."

He said, "She's in a U.N. delegation meeting now. When she comes in, you sit there and I'll introduce you, and then you're on your own. I warn you she has a very busy schedule this morning and it may be difficult to get any time with her."

So, when she arrived, I said, "Mrs. Roosevelt, I've come up to talk to you about UNRRA. Mr. Acheson and Mr. Clayton asked me to come up and discuss your feelings about this with you, and see if I can give you some of the reasons why we feel that UNRRA has served its purpose and should be replaced by another

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organization to carry out the stimulation of European recovery."

"Well," she said, "I'd be very glad to talk to you but I've got absolutely no time. I have to go from here to CBS where [John Foster] Dulles and I have a live radio broadcast to do. From there I have to go to another place where I've got to make a speech and then I have to go over to Times Square with a group of people meeting outside and I have to speak to them, and after that I am giving a luncheon at my apartment. You see, I have no time."

I said, "Why don't I just ride around in the car with you and we can talk as we go from one place to another? It takes some time to get around."

She said, "All right!"

So I went along and I talked to her for awhile; when we got to the radio station, I waited there while she did her broadcast. We went to the next place in the car and she asked me some very intelligent and searching questions, and I answered

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them. After having ridden in the car three or four times with her, I was amazed and pleased when she finally turned to me and said, "Mr. Wood, I am grateful to you. I hadn't understood the situation. I agree that this is the right thing to do and I withdraw my objections." Just like that. She mentions this in one of her books.

But LaGuardia wasn't a man who gave up easily. Shortly after this episode with Mrs. Roosevelt, Mr. Acheson had a call from the Columbia Broadcasting System -- I think this was the company -- it may have been the National Broadcasting Company -- asking him whether he would agree to debate Mr. LaGuardia on a program called "The Town Meeting of the Air" on whether the U.S. should continue to support UNRRA. Mr. LaGuardia had persuaded the radio station to set up this debate in Plymouth, Massachusetts, on the eve of Thanksgiving. Mr. Acheson had no time or desire to do this. They asked, then, if Clayton would debate.

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Clayton said, "Well, I'll think it over." Then something else came up, and he said, "Tyler, you're elected."

So I had to go up and face his honor the mayor, whom I had gotten to know very well by this time, in a public debate on this subject. On my way to Plymouth, I remember changing trains in Boston, Massachusetts, and taking a small local train to Plymouth. There I ran into Mr. LaGuardia and we sat next to each other, and he said, "Tyler, I'm very fond of you and I hope you won't take it personally if I just tear you to pieces in this debate."

We had an interesting debate. He was quite an orator and made the most of the setting at Plymouth and the date in his opening statement -- charging that the State Department was trying to escape doing its duty to aid war torn Europe by abandoning UNRRA, just as we were about to eat our fill at Thanksgiving. The audience applauded loudly. I made the point that the Mayor was not aware of the fact that

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the Congress had reached the conclusion that UNRRA was not succeeding in the task of helping our Allies in the war get back on their feet and that if we tried to continue UNRRA the Congress would not provide the money necessary to support reconstruction and recovery. So we were proposing the only course which had a chance of rescuing Europe. (This is the main point I made in my talk with Mrs. Roosevelt.) It was interesting and encouraging to note, as the debate went on, that the audience began to be persuaded by the points I made and, at the end, it was clear that the majority agreed with me.

It was clear to me that we must wind up UNRRA, for many reasons, especially because it was perfectly obvious that the United States Congress wouldn't support its continuation. We were at the point where the situation in Europe was so critical that we had to go to the Congress urgently with a special request for appropriations for "Interim Aid" to deal with the winter of '47 when it looked

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as though France, Italy, and Austria were going right down the drain. Communist parties were in those countries like vultures waiting for the kill. You couldn't possibly have gotten that appropriation through the Congress for UNRRA. We got this appropriation for a U.S. emergency aid program to enable these three countries to avoid collapse until we could present the case for the Marshall plan.

WILSON: You refer to this [UNRRA] as a stopgap, and I think that's a fair assessment of it, from the end of the war until its conclusion.

We're a little baffled from reading the documents about what the hooks were before they got underway, actually. There's this sense that reconstruction -- and partly this comes from material we've seen at Treasury -- that reconstruction was not going to be too complicated. There would be a period of six months or a year in which there would be widespread suffering and a need for free assistance.

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WOOD: Yes, I think that is true -- there was, right after the war, a rather optimistic assessment in some quarters on this score.

WILSON: And if the mechanisms of international trade and currency stabilization -- the [World] Bank and the [International Monetary] Fund -- if these things were put into effect, and if short term relief of UNRRA type were given, things would work out.

Well, it didn't occur, obviously, for a number of reasons. When did it become obvious to you and the State Department that it wasn't going to work out in this neat way?

WOOD: It is perfectly true. Of course, I wasn't involved at the outset. I was in the Army in the early days when UNRRA was formed, and in the early meeting days. I'm sure that there was a much rosier view of the possibilities at the very beginning than there was even when I came in, in November '45. Even then, however, the feeling was that here is a great nation and a great area with

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sophisticated nations, all the machinery for production and trade, etc. If we can throw in the resources necessary in the way of crude or basic materials, soon these things can be dealt with.

It's hard to tell. I know by the time we went up for the preparation for the Interim Aid program in the summer of 1947, it was very, very clear that the operations of UNRRA and what we had put in there were not even coming close to meeting the situation. It was a tremendously critical phase. Of course, by that time American relations with the Russians had become very clear and it was obvious that sabotage was taking place and this, of course, didn't add to our confidence that something could be accomplished quickly.

I think it was in early 1946 or in early '47 that we began to see the horrendous and tremendous task that lay before us -- in the situation of all this devastation and disruption, and with one of the major nations which were supposed to work

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together to bring about recovery, in fact sabotaging and working against it. It was all these things that came together. It was the experience and the realization of what we were up against in the case of the Russians that made it perfectly clear that UNRRA and that particular type of operation and the resources that had been thought to have been likely to be available for UNRRA were totally inadequate for the job.

MCKINZIE: Did you have any dealings with that kind of Senator or Congressman who would argue that it was a perfectly justifiable act to give relief to victims of the war but it was not justifiable or not appropriate for the United States to provide reconstruction aid? There seemed many Congressmen, particularly Midwestern, who seemed to make some sort of distinction between appropriations for relief and appropriations for reconstruction which, of course, made it difficult to operate.

WOOD: Yes, we did. Particularly people from the Middle

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West and some of the people from New England and the South as well were inclined to say we should help relieve the suffering; let's see that they've got enough food; let's give them some of the basic requirements for their recovery to the point where they can take care of themselves, but let us not build up competition for the United States by helping the reconstruction. Then at about this time there entered a very strong argument, particularly as related to Britain, in which there

was a tremendous amount of opposition to aid to Britain, because of the charge, "this is a goddamned Socialist country," and "why should we aid a Socialist government that is pressing this evil economic system upon our forebears, the British?"

WILSON: How much of a theme is that? The material that we've had access to, as you may know, in Governor [Averell] Harriman's papers, makes it perfectly clear that ECA and his office were straightforward in saying, "We cannot make this

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kind of a decision."

WOOD: That's right.

WILSON: But how much pressure was there from Congress?

WOOD: Well, it was vocal, very vocal. I remember Jim [James] Kem, a Senator from Missouri, who was a leader in this, and Styles Bridges of New Hampshire was one also. There was a lot of noise about this. I never felt that the undercurrent was such that this point of view would prevail. We made it perfectly clear that this was the government of England. We thought the chances that they would adopt a more conservative economic policy were better if there was some recovery than if there was further development of suffering; that produces extremism. I think this argument had some force, but there was a great deal of discussion; you'll find it in the hearings of the committee and in the debate in the Senate particularly. There was a great deal of that feeling: (a) no, nothing for the reconstruction of competition;

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relief, yes, and (b) nothing for the Socialist governments.

WILSON: Was there any evidence of a somewhat more sophisticated version of this anti-socialist bias? I talked to a number of Europeans last summer and several of them said that it was ironic in a way that they get these press reports of American U.S. Senators and Congressmen arguing against encouraging socialism, but at the same time in order to bring about recovery in Europe, United States agencies, ECA, were asking for a kind of planning which was a new phenomenon for many European countries. And this could be used, even though it didn't have that effect; it could be cited as sort of encouraging socialism.

WOOD: There was quite a lot of discussion of that. But, it was somewhat nebulous, and, again, I don't think this had any great effect on the course of events. I was in charge of legislation at that time, under Hoffman, and I ran into that

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kind of discussion very frequently with the conservatives. Many of them could see, on the other hand, that in an emergency the idea of having everything to the operations of the market place for handling such shortages was inadequate. We pointed out to them that we had to have allocations of critical materials and had to plan their use during war. Of course, some of them were extremists and said it would be better if we hadn't done it, but many of them were willing to

see this as an emergency where, as Senator Tom Connally once said to me, "You had to rise above principle."

As long as this is useful, I'm eager to reminisce. You know what you want out of me, and I don't.

WILSON: Well, one other question occurred to me when we were talking about the gradual comprehension of the problem -- of the crucial nature of the problem.

WOOD: Let me just say one thing before you finish

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your question. We all felt very clearly, and it turned out to be the case, that it was not going to be a job taking a decade. You know, we prognosticated it to last four years, and we finished it in a little less time and for less money than had been estimated at the outset would be required. It became clear to us this was not a long, long-term reconstruction job -- that all the elements of strength were there. It was to be longer and more difficult than the people who set up UNRRA felt, of course, but, nevertheless, we didn't feel it was going to be a decade or anything like that.

MCKINZIE: One of the factors that complicated your life, as you mentioned, was the Russian position. What about this? It was ending, I suppose, just about the time you came in. What about the debate on the possibility of postwar assistance to the Soviet Union? Do you have any recollections of an idea of a large-scale credit?

WOOD: Of course, we originally proposed to the Soviet Union to come into the Marshall plan. As I recall

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it, the theory was that the Soviet Union would benefit like the British and everybody else in the reconstruction of the areas that had been devastated. So prior to the walkout of Molotov from the OEEC conference, the idea of continued aid to the Soviet Union was definitely contemplated. As to a major loan to them, I have the faint recollection that there was talk of the possibility of such a loan.

MCKINZIE: 1945?

WOOD: In '45.

After the walkout by the Russians from the OEEC, after they had been invited, and after further evidence of sabotage in an attempt to subvert everything we were trying to do, there was very, very little sentiment here for assistance of any kind. It became so clear that we were being menaced that there wasn't much discussion of it afterward.

WILSON: Some writers, after the fact, are now saying

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that formation of the OEEC without the Soviet Union sort of constituted a rather permanent, or some sort of milestone, in the permanent division of Europe, East and West.

WOOD: I think it merely was the event that recognized what had existed there before. I saw all sorts of their impediments, and I didn't think there was any likelihood that the Soviet Union would cooperate. I dealt with them, with the people who were their representatives to UNRRA. I remember on this subject, writing a memorandum many years later in which the thesis was, let us make large-scale resources in consumer goods available to the Soviet Union; this is the one way to subvert them and cause them to have to take into account the desires of their people, and give them a stake in their future. I really meant this. Nothing came of it, of course.

WILSON: That's an interesting and a sensitive, important

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argument. A little bit later, I'd like to ask you something about the East-West trade question. The other prong in this dilemma was the British problem. It's been suggested to us by others, and I think by the evidence, that the British themselves could not understand or could not face the seriousness of their difficulties in the latter stages of the war, and immediately after the war. That is a part, that it had been assumed that the British would be a partner in the reconstruction, and, in fact, they had to be a recipient of considerable aid.

WOOD: I don't recall that. The British were in pretty tough shape. I do remember -- this is later -- that the British were the first to whom the Marshall plan stopped giving aid. I forget the year of that, but I remember Bill [William L.] Batt was the mission chief in London at the time and I was in Paris. It was in '51, I think, and I was second in command in Paris. I had taken Bill [William C.] Foster's place, and Milt [Milton] Katz had taken

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Averell Harriman's place. I was Deputy United States Special Representative in Europe. I felt very strongly that politically and otherwise the British were really on their feet. And that we ought to wind up our Marshall plan aid to them. It was a very difficult problem, our relationship with them and the world generally. I had some terrible arguments with Bill Batt, with the people back here, some of them; I think Averell was in there, I'm not absolutely sure; but it was the British who first and fairly early in the game were clearly able to get along without aid. I think it's true that they were in a better position. But the British at that time -- all of them -- were unanimously saying, "You must give us more aid." So the British themselves by that time had come to the conclusion that they weren't able to make it on their own. I don't remember the impression -- I don't believe I ever had the impression that the British could be donors of aid. I thought that the offshore procurement

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operations, in which their production came back fast, was something by which we could make available dollars for them and in that sense through the use of their production facilities, they would be a positive element in the recovery of Western Europe. I would doubt the validity of what you said about your thought that we had the British on their feet and we could end the aid to them and they could start providing aid to the others immediately. I don't remember that. Of

course, the Marshall Plan was a cooperative effort and every member country was helping others in the European Payments, the OEEC and otherwise carrying out that part of Mr. Paul Hoffman's prescription for the common effort -- "*Self Help and Mutual Aid*."

MCKINZIE: The relationship between the United States and Great Britain in this period is fascinating and complicated. We have more than several interpretations that have been presented to us. One of the themes -- one of the strongest ones -- is that there was a "special relationship," and that in all of this

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period from the time of the British loans until the time of the Truman administration, the British could expect a better deal than anybody else, because of a lot of reasons.

WOOD: I don't know whether they got a better deal but certainly there was a very close feeling of common purpose. And I think we did look upon the British not immediately but for the longer term as the real focal point of power and wise policy. I think there was a very special relationship. When I was here and in Paris, I tended to think first of the British when it came to a problem, when it came to getting support for wise policies, and certainly, in a situation like that, where our hopes were well, very largely in the early days, based on what Britain could do by way of recovery and then later by way of assisting others. So it was naturally considered first. What can we do to promote this development of strength on which we will be depending very largely in the future? That was the question. I would quite agree with that; it was a very special relationship.

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WILSON: A slightly different approach is taken by some. I can recall one memorandum, in which a member of Governor Harriman's staff argued, "Well, if there is a special relationship, it should be that the British should serve as our agent in Europe and that they should take the lead as we had expected them at the beginning of the Marshall plan. They should take the lead in bringing about integration; they should take the lead in making the OEEC into something more than merely a grouping of sovereign nations."

WOOD: Now, that's not inconsistent with what I said. As I say, we regarded them first as the people who would, perhaps, support what we thought was right and take the lead because we didn't want to be looked upon as dictators. I think we did feel that with that special relationship, and our special dependence upon it, they ought to do these things; they ought to be working for the integration of Europe...

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WILSON: What about this? A number of people I talked to last summer on the Continent said that if the United States had taken a much stronger stand, if the United States had exerted -- they used the term "blackmail" -- from the period of the British loan concern with tying the loan to multilateralization of trade, removal of the entire preparational system on down through the OEEC, if they'd done that then the British would have been forced to be much more active in the integration of Europe than, in fact, they were.

WOOD: I don't believe that. The British are able and proud. At least I felt that it was much wiser -- despite the fact that sometimes they didn't do as we thought they should -- it was much wiser to have them feel that they did things because they were convinced they were right and wanted to do them. And there were enough of these things that fell into that category to make the British a very fine element in this whole picture, even though we ran into some problems with them.

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I never felt that we would push the alliance to that extent -- to make a satellite out of Britain; I didn't think it would pay then and particularly later on, when the British looked back on this kind of treatment. We argued with them strongly behind the scenes at times; but we fought very hard when Senator Kem said, "No aid to the British" because they are such Socialists, or no aid to those who take this position.

WILSON: Integration, yes.

WOOD: I think there's a record on that somewhere. But, the State Department was, of course, always on the side of saying, "Use less force; don't try to turn away from them." This is one of the cases where they said, "Yes, it's all very well, and we quite agree that to 'free up' trade among the nations you can have a payments union and you make it possible for resources to cross boundaries, et cetera, et cetera. We're all for this," said the State Department, "but don't twist their arms and

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particularly don't come out publicly and make it appear that the United States is using its power to force people to do these things." I think we in ECA struck a rather good balance between the extreme of "force them" and "don't do anything to offend them."

WILSON: We should turn, I think, to what happened to your own career when UNRRA was wound up. What then did you do before you became...

WOOD: Well, I had a most interesting time because I was the one who had much to do with the idea of ending UNRRA. I was the main protagonist of that; I have the papers and all that sort of thing. Then it sort of naturally fell to me and my little staff to take on the planning for the interim aid in the winter of '47, a bilateral operation, and the defense of that in Congress when we requested appropriations.

MCKINZIE: In our research we have put in one category what we call "the teacher from Muncie, Indiana

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approach to European union" -- the idea that "just have Europe turn itself into the United States of Europe" which is a fairly simple way of getting at it. I think among my impressions with some of the Europeans I talked to -- people who have been involved as international civil servants -- was that they still had sort of a European version of it. That is, if you took strong action you could overcome the sort of obstacles that had prevented union for many centuries.

My conclusion was the American approach was a fairly wise one.

WOOD: I thought it was very wise. We did have quite a battle with the State Department on these questions of European integration -- how far we ought to go, and what we ought to say about it.

I'll never forget the time when Hoffman was at an OEEC meeting in Paris, and for one weekend I was the Acting Administrator. Hoffman went there to make a speech, in which he talked about European union, I believe it was. I had a terrible

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argument with the top people in the State Department about what we should call this. I think we finally came out with the compromise term, "integration." Naturally, the next question was: What do we do if we wind up UNRRA and if we succeed in holding France, Italy, and Austria together with interim aid? We began talking, and had been for some time before that, about the kind of bilateral trade operation that we would undertake. I was informal chairman of a "board of directors" that would meet in the evening to discuss papers with various people who would produce them. Nitze produced one, Roy [Leroy] Stinebower produced another; I got Linc Gordon down from Harvard to work on this with us. We would meet after hours and discuss plans for bilateral aid, and out of this and many others came the outlines of the Marshall plan, of self-help, and mutual aid. Clayton had a great deal to do with it. Acheson was involved, but the whole area of the economic staff under Clayton participated in this discussion and

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planning as to how much money we'd need, how we'd go about it, how we'd set up to do it, and so forth. That was where I was spending all my time at that time.

WILSON: What relationship was there between this and the Turkish aid program?

WOOD: Well, the Greek-Turkish aid program was run by George McGhee and George McGhee was constantly in Clayton's office. We were all intimately involved in the Greek-Turkish aid, and, in fact, when we went into this my office had a great deal to do with the question of what resources, which were then scarce, could be gotten for Greek-Turkish aid. I was talking to the Commerce Department people. At this time David Bruce was the Assistant Secretary of Commerce for International Affairs, and that's when he and I first collaborated. But the Greek-Turkish aid was something off by itself in the sense that there was a special assistant to Clayton, who ran this

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thing. But the whole E area, including my office, was intimately involved in the Greek-Turkish aid operation, too.

WILSON: Would you say that it was not only organizationally separate but also separate in intent and purpose? Some writers after the fact are saying, "Oh, it's all a plot."

WOOD: No, no.

WILSON: It's all a plot that we went into Greece and Turkey, and we were going to push the Russians back. Greece and Turkey were the first place, and then the Marshall plan came out of that.

WOOD: No, that wasn't true. The same purpose, in part, was there, obviously. But the Greek-Turkish aid program had as its main stimulant the fact that the Communists were threatening to take over Greece and the British had to pull out because they didn't have the resources to continue there. So, in that sense, one of their reasons for the Greek-Turkish

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aid was the same as for interim aid to shore up France, Italy and Austria before the Marshall plan. Greek-Turkish aid was in '46 I believe...

MCKINZIE: Well, it was first proposed in '46, but it went into effect...

WOOD: In '47 yes. But it came before the interim aid operation of the winter of '47-'48. You can't say yes and no to this question. It was all of a piece in respect of the fact that it was the first economic shoring up of a country which was threatened by Communist subversion.

WILSON: Suddenly it was discovered that things were really in serious shape. The British Government was saying, "Well, we just can't go on in Greece," and that apparently came as a shock.

WOOD: I remember it came as a very real shock. There were meetings at night on the question: What should we do about it? Do we pick up the British burden or what do we do? It was finally decided

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that we had to do something because of the urgency of the situation, because of the evidence of the great progress that was being made in producing chaos by the advances of the indigenous Communists. It was nip and tuck for awhile. George McGhee was a great operator, and the team was doing a whale of a job over there.

MCKINZIE: What about the Porter mission? Do you recall anything about it? Did that have any effect on planning?

WOOD: I'm a little foggy about the Porter mission. Paul Porter -- he later, of course, was head of the Greek mission for the Marshall plan.

WILSON: Where did you get the personnel for these programs? It came up so rapidly; planning was going on in sort of an informal basis in the Department in several different areas. Was there a call to people who...

WOOD: Are you speaking of personnel for the planning

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work or for the operations?

WILSON: For the operations.

WOOD: Well, first we had some people with UNRRA, Americans, who had been quite active and very useful. Then there was this very strong economic staff in the State Department. We did a little sort of personal recruiting. As I say, I had worked with Lincoln Gordon in the War Production Board. He'd gone back to Harvard as a professor. I had great respect for him. When I needed some help in this planning for the Marshall plan, I called him up and said, "For God's sake, come down here, we need you!"

Will Clayton was recruiting people, and so forth. When it came actually to recruiting for the missions and for the headquarters staff of the ECA, everybody got into the act. Well, for example, I was working on this in the State Department. Hoffman took on Howard Bruce, who had been my boss at the Pentagon, as a deputy. Bruce was

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a prominent Democrat, and had had this magnificent experience in the Pentagon of operating production facilities. He was a businessman of tremendous stature. The first thing I knew, Bruce was after me saying, "Come on over here and help out in the Marshall plan."

Then they found Dennis FitzGerald who was a great authority on food and had been on the Hoover mission and was in the Department of Agriculture. They got hold of him. Paul Hoffman brought in Tex [Maurice T.] Moore, who was one of the leading lawyers in New York, made him general counsel, and pulled him down here. Richard Bissell also was one of the key fellows in this whole situation.

Paul [Hoffman] and Averell [Harriman] started to work on it; Bill [William] Foster came in. All these men of very great stature just went out to their friends and to people they knew to get ideas as to who could do this job and in they came, lawyers and production people, and so on. We had plenty of suggestions from the Democratic National

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Committee. Here is one of the things where I really had the greatest respect for Truman. Of course, Arthur Vandenberg was a key figure in all this, and Truman quite wisely was reasonable about having some Republicans, including Paul Hoffman, in it. Paul had an understanding with Truman that he wasn't going to go out of his way to prefer Republicans or Democrats, but he also wanted Truman to feel that he wanted to get the best man for the job whether he was Democrat or Republican. If he took on some Republicans, Truman would take on and deal with the politician in the Democratic Party. Truman kept that promise rigorously. It was so clear that he knew that in Hoffman he did have a very great man. He was not going to hamstring Hoffman. Hoffman put me in charge of the relationships with the White House on some of the key appointments and relationships. I had my scraps with Donald Dawson who was Truman's man in this. I was very fond of Don but I recognized that

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Don couldn't be quite as non-political as Truman, but Don and I were able to work things out except on a couple of occasions, and Hoffman then went to Truman, and Truman backed him up.

MCKINZIE: We might pursue this a minute. This is very helpful to us. The President's role is not entirely clear, I think, because of the sort of staff work that he had.

Our previous experience as historians has been with the Roosevelt period, where it's much clearer when the President intervenes, because of the confusion, frankly, of administrative procedures. I think there was a better organization, a more elaborate organization [under Truman]. It's obviously clear that he had supreme authority and he exercised it. People like Averell Harriman, Dean Acheson, and others, and you, say that. Who were the people in the White House dealing with you in the aid programs? Who were the most important?

WOOD: Well, I dealt with Don Dawson, a great deal;

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with Clark Clifford, occasionally.

WILSON: What about John Steelman?

WOOD: John Steelman; I was just groping for that name. John Steelman was quite active, and he was a materials man. And we saw quite a lot of John Steelman.

MCKINZIE: Was George Elsey involved?

WOOD: Yes, George Elsey. That's when I first got to know George. I had great respect for George. George was close to Averell.

MCKINZIE: But you had the impression that no single White House staff member made the foreign aid program his special problem?

WOOD: I think if there was anyone even close to that, it probably was John Steelman. This is my impression. I dealt with Dawson purely on the personnel aspects; that was his concern.

WILSON: Charles Murphy came in...

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WOOD: Oh, I saw a great deal of Charlie Murphy. Charlie was very active when he came in later; I remember that very well.

WILSON: These people are sympathetic?

WOOD: Very, very sympathetic. Charlie Murphy was; Steelman was. Clark Clifford, I didn't deal with very much. I got the feeling that he was not unsympathetic. He was on some special things; he was not generally as much interested as Charles Murphy was.

WILSON: If we can go back briefly. When it comes time in the spring of 1947 when there is this ferment within the Department, leading to Acheson's speech and leading to George Marshall's speech -- are you going to commit yourself to any one man as the creator of the Marshall plan?

WOOD: I think George Kennan is probably the fellow who first put it in such specific form as a rationale on how we ought to go about it. I think

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you'd have to say that between George Kennan and Will Clayton, the Marshall plan was born. A lot of us put ideas up to Clayton; I didn't have so much to do with George Kennan at that time in the planning area, but he, of course, had tremendous influence with Marshall.

MCKINZIE: We might go back just a little further than that. When you were having those evening meetings dealing with interim aid, did any of the participants in that meeting have the feeling that the aid that was to come that winter might not be enough and it might be necessary to go ahead with...

WOOD: Yes, everybody agreed on that. We began to talk and think about what our bilateral aid might be. Then after the Acheson speech and the Kennan business, then we went to work on the basis of that to flesh it out. This was some group that I'd had there.

My sequence of events may be a little inaccurate;

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I'm not quite sure. I tend to think that even before the Kennan memorandum and the Acheson speech, and then the Marshall speech at Harvard -- before those things I think we were talking about some kind of a longer term effort in this little group of my board of directors. I may be wrong; it may be that we were talking chiefly about interim aid. I wouldn't want to assert that; there must be some records of the discussions and papers that were put into that group.

WILSON: I assume we can't see them; the State Department has closed all of those.

WOOD: I didn't realize that.

WILSON: Yes.

WOOD: That's too bad.

MCKINZIE: In these discussions within the board of directors, were there a number of approaches discussed? That is, was there ever a kind of people-to-people technical assistance...

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WOOD: Very little, very little. The idea was, these are sophisticated nations; they've got trained people, and they've got the institutions. And what we need to do is to supply physical resources and also the stimulus for the integration, for the development in common. This was one of our main themes: the importance of a large market in which goods and people could flow freely.

MCKINZIE: Obviously, the point of Marshall's speech, that you, Europe, would get together and present your needs. That's crucial.

WOOD: That was mostly Clayton. I think that was Clayton, very largely, that aspect of it. And then Clayton, you know, took up the negotiations from that first meeting that [Ernest] Bevin called to discuss this question after Marshall's speech. Clayton was insistent on the fact that it had to be a European initiative -- as Marshall had said in his speech, "If you can get together and come forward with a program that you will undertake,

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we'll see whether we can help you." This was the Kennan thesis, but Clayton made this one of his major principles.

WILSON: When this is done and when the European representatives do get together, there is this enormous debate, I mean in time and energy about just how the ECA -- what became the ECA, was to be organized. Is that mostly sound and fury or was it a crucial question, whether it was to be in the State Department, under State Department control, a separate agency, and all this? How much attention, if you were writing a book on it, should we give to that issue?

WOOD: As I remember it, when Hoffman came in and Vandenberg took these positions, there wasn't much question that it was going to be a separate agency. I think, at that point, the debate on putting it in the State Department just wasn't very much in evidence.

As I recall it, there was a development of

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a general consensus that this was a job that had to be done outside the State Department. There was a lot of talk about the fact that you had to get men with practical experience in industry or trade and so forth into it, and a separate agency was the way to do this job.

WILSON: Is it fair to say that during this period the State Department or certain State Department people were rather ambivalent about the role they should play in administration? There is this question about who wits to take charge of the occupation of Germany, for example, in '45 and into '46. In a way the War Department was saying, "Well it is really a State Department responsibility," and the State Department was saying, "Well, we don't want it."

It comes up again and again. Sometimes it seems to us reading the documents that certain State Department people did not really want to carry on the Administration's programs like this...

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MCKINZIE: The operational aspects.

WILSON: ... and yet they want a veto power over what is done.

WOOD: Well, I think that's a fair statement. The people generally in the State Department were very loathe to take on the operating aspects. The main debate was on the matter of how does the Secretary of State make sure that this agency, separate as it was likely to be, doesn't, through lack of knowledge or wisdom, go off on a tangent and seriously affect the foreign relations of the U.S. Government. This was a constant debate during that period. How shall the head of the agency be related to the Department of State, or how shall the people down below him be related to the Department of State? As you know, the head of the Administration and the board of directors, is the President, and it worked beautifully, better than it ever had worked before because Hoffman and Acheson had the sense to realize that...

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WILSON: We were much impressed, I guess, reading documents again about squabbles -- the Treasury had its views, State had its views...

WOOD: Oh, there were plenty of those.

WILSON: But I talked to some people; one man, the present U.S. Ambassador to OECD...

WOOD: [Edwin M.] Martin?

WILSON: Yes.

WOOD: He was right in the middle there.

WILSON: He said, "Well, don't worry about that." Maybe you participated. He said people would get together for lunch, a Thursday afternoon luncheon; he was talked about [Paul] Nitze, and...

WOOD: Nitze and Bissell and I; we'd go up to the Metropolitan and sit down and talk about these things.

WILSON: And he said that's how things often worked

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at that level. It doesn't show up on organization charts. So this did happen all through the period?

WOOD: This did happen but it was not at the level of the country desk. It was just below the top level; and the Administrator and the Secretary of State often conferred on these matters on the telephone, with the Treasury and Commerce and with the people in Defense, too. This worked exceedingly well and largely because of the quality and the character, the perception and the patriotism of the men concerned at the top.

WILSON: Hoffman seems to have been the perfect choice. He was the man for that position.

WOOD: I don't think there was any question about it. He was just ideal.

WILSON: What about the relationship between ECA in Washington and the Office of Special Representative?

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WOOD: Now that was difficult as such things always are. You get two men, great friends, at either end of a cable. It's amazing how quickly they reach a conclusion that the other has lost his mind and wondering what the hell happened to him. Yet, it was worked out. When you get a fellow like Hoffman here and Averell Harriman over in Paris, with strong opinions, and each fellow aided and abetted by a staff, you get some nice arguments going. [W.] John Kenney, I remember, was our mission chief in England while I was still here -- before I went over to Paris. We still laugh about the cables that went back and forth, signed Wood and Kenney. These messages went through all kinds of arguments and misunderstandings. Neither of us had ever seen them. Our staffs were getting into an argument about something and finally when we got together, in Paris -- we're old friends -- we looked at these and laughed like hell about it. They worked these things out. But there is always friction between the overseas office, if it's run

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by a strong man, and the home office. The only way you can deal with that is frequent trips back and forth.

WILSON: No basic differences in views?

WOOD: Not really. They mostly concerned, in regard to a certain policy, its timing, or how it would be expressed, and how much pressure would be put on, and this sort of thing. But the basic objectives were always clear, and we always agreed on them.

MCKINZIE: Did Harriman have full control over the selection of his immediate staff?

WOOD: Oh, he had a very large control in there. I don't recall any case where Hoffman had any objection to anyone that Harriman wanted to take on. His was a fine staff, a magnificent staff.

MCKINZIE: I gather from your comments that you believe very much in personal contact in public administration...

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WOOD: I don't think there is any substitute for it. I mean personal contact and understanding. Those are still human beings, and feelings and rivalries and misunderstandings often produce difficulties. An example arose in relationship with the Commerce Department, I remember. In the early days, there was the damndest feud between people in the Commerce Department and the people in the State Department. They weren't even talking to each other. I took a look at this, and said we must be very seriously concerned with what's going on. People were really angry. I went over and saw David Bruce, who was Assistant Secretary of Commerce, I asked him if he

knew that it was going on, and he didn't. Pretty soon it was known on both sides that there was considerable agreement between Bruce and me on policy. Quickly, things got to the point where people in both departments were consulting each other again. It was the absence of this personal rapport that accounted for most of these difficulties.

MCKINZIE: It does make it fairly difficult for historians

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who see only the squabbling going back and forth between Commerce and State. We didn't know about these...

WOOD: Well, I don't mean to say there weren't any differences of opinion. Bruce and I sat down together, but if anything got serious, we'd go and have lunch together and talk about it. Afterward I'd call in my people, and he'd call in his. We might not find agreement, but at least there was a basis for proceeding.

I left for Paris in August, 1950, and Averell Harriman pulled me back in December, 1951, when I had expected to spend at least two years there.

WILSON: You made quite a few, perhaps the largest proportion of, presentations for appropriations?

WOOD: Yes, I was in charge of the legislation. I had a State Department man and a military man, when I came back there. It was a very interesting group. There was a Colonel Tick [C.H.] Bonesteel who at that time was Bob [Robert A.] Lovett's

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assistant. Marshall was still Secretary, I guess. George Lincoln of the General Staff Corps was the Army representative. Bonesteel represented the State Department. The three of us formed a triumvirate; really went to work on the Congress. We were together all the time on this operation.

WILSON: What general impressions do you have for us about Congressional views of these programs? We get the feeling that the level of understanding was not very great.

WOOD: It was much greater than your impression indicates. As time went on and recovery developed in Europe, and as evidence of that fact came in, the mere passage of time and development of problems caused the earlier wave of general enthusiasm for this to subside very considerably. What we were talking about before, programs get old. Look what happened to the Peace Corps; remember the great enthusiasm for that?

WILSON: Yes.

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WOOD: And this happens to every one of these programs. But, I felt, clearly in spite of the problems it had with some of the people like [Senator Kenneth D.] McKellar or Senator Kem

and some of these people -- John Taber, chairman of the House Appropriation Committee -- John was very fair even so; despite these people, Kem and Bridges and the rest of them, I felt there was an undercurrent of so much support that we could count on right straight through the program.

MCKINZIE: Was the support based, in your opinion, primarily on the business of saving Western Europe from further Communist aggression or was there in all that support, the idea that somehow this was a necessary part of domestic prosperity and that we can't have a fortress America?

WOOD: I think both were very important. But it is true and it was the fear of Communist aggression that was perhaps the strongest and most emotional force. It was interesting that every time we seemed

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to be getting into trouble with our legislation, and things looked a little less sure, Mr. Stalin or Mr. Khrushchev would come forward with some action to scare the hell out of the United States and the United States Congress, and the boys would flock in and vote for the appropriations. It was absolutely amazing. It almost seemed to me at times that Stalin and Khrushchev were all part of the Marshall plan in order to keep appropriations going, because they were a great help with that.

WILSON: How do we relate the theme of military assistance to the Marshall plan program? The impression that we have is that there was interest from the beginning in sending military aid, among economists, and that this continued to grow. In part, it was the simple sort of thing where here we have direct evidence that our aid is doing something for us.

WOOD: Much more. Of course, it was so clear in this period that economic and military aid programs were essential to each other. This is one of the

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things I hoped the public would understand. I'll never forget the demonstration of this. In June, 1950 the Communists invaded across the 38th parallel in Korea, and in Europe's strength we saw the first real evidences of recovery in Western Europe. People in Europe were beginning to invest and show confidence though still a bit hesitantly. Then this (the North Korean invasion) happened halfway around the world and that first wave of recovery just collapsed. People in Western Europe said that if the Communists could invade across the recognized boundary line, the 38th parallel, then they could do the same thing, coming in from East Germany and Poland. The sense of having some security vanished. The important element is the question of confidence, military and economic. The two just went together. It was interesting to see how the Congress would continue support for economic aid and then send more support for military aid as time went on. This happened as the recovery came on, and some threatening things were

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done by the Russians, and as the news of the strikes in France and Italy came along. Congress accordingly became more and more alarmed about the possibility of invasion. Ultimately we

were advised that if we could somehow emphasize the support that economic aid was giving to the defense programs in Europe, that this would make it much more easy for our friends in Congress to get anything we wanted for economic appropriations.

WILSON: Is that a partial explanation of Harriman's return? He became advisor, I think in June of 1950, just before Korea, the advisor for mutual security. Then, of course, there was the creation of the Mutual Security Administration.

WOOD: Without any question. The two were put together, and it became "mutual security," and "security" was emphasized. This was the first time we used the term: "defense support." I had something to do with that. I talked quite a bit about this question with John Voorhees of Ohio

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on the House Foreign Affairs Committee. He said, "You've got to stop calling your program 'economic aid;' we won't get support from a lot of my people. Stop calling it 'economic aid' -- get the word 'defense' or 'military aid' into your program if you possibly can."

So I said, "Well, this is support of a defense effort isn't it; so let's call it 'defense support.'"

And he said, "That's wonderful." And that's what we adopted as a name.

WILSON: Korea complicated your life?

WOOD: It complicated it in a sense, in that people were much more eager to put the money into the military than into economic aid. We were able to persuade them that "defense support" is a valid description of what had been called economic aid. I'll never forget the experience I had in the Senate Foreign Relations Committee; I was up there to testify in the year we named our economic program "defense support." I knew that there would

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be charges of deception. At the beginning of the hearings, I said to the chairman, "I'd like to define the term 'defense support' in this situation. We'll declare precisely what it is, and why it's been called that."

I went on at some length to point out that defense support is in fact what had been called economic aid in the past. If you look at the foreign effects; if you look at its purpose, in view of the military developments in the world, it's important to realize that this economic aid in the same form as what was called economic aid before is, in fact, one of the main pillars supporting the defense establishment. Therefore it is quite proper to call it "defense support" in this area. I was asked some questions. Then we went on to other subjects. Bob [Robert] Taft walked in after this happened, a little bit late, and as soon as he got a chance to get the floor, he shook his finger at me and he said, "Now, Mr. Wood, why are you trying to deceive this committee? This defense

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support you're talking about is economic aid isn't it?"

And before I could say a word, the chairman said, "If the senior Senator from Ohio had been on time, he would have heard that explained to his satisfaction by Mr. Wood."

WILSON: One of the complications I was referring to was -- take the example of France -- if you had, not a blank check from Congress for defense support aid, but considerable freedom in giving European aid, yet there were these problems in nations such as France that were not clearing up or not doing the proper sort of economic things to use this aid properly.

WOOD: Well, this is a constant problem; it always is. The recipient has its own political and economic and other imperatives. It's not going to do what the donor thinks it should do in every case. One of the things that I felt very strongly was that the idea of using leverage, of taking this position,

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"Well, here it is. You damn well do as we say or you won't get it, is not a wise or effective course." This kind of thing is generally not at all happy. It wouldn't have been in France. You go at it in some other way, and sometimes you don't achieve your purpose at all. If you force a needy country to do something that it is reluctant to do, it will be very badly carried out. You have no idea how sovereign governments can, in fact, avoid doing something they may have agreed to do. We found this to be true in the case of the "counterpart funds" in Britain and France. These were deposits in local currencies made by recipient countries in amounts equivalent to the aid dollars we had furnished them. We had agreed with them that these funds would be spent within the country concerned to promote economic recovery and development "for purposes mutually agreed upon by them and us." When it came to something we wanted to get done and they did not want this done, they didn't flatly refuse, but kept postponing action. We

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recognized that these local funds were available for that whenever they wanted to use them. We couldn't just tell them to spend their money only for one particular purpose. It's the kind of thing that sounds good, where you say, "Here's a country that needs aid; let's tell them to do this and if they don't we won't give them aid. In so many cases, if you do that they "get their back up" and recovery is retarded. This doesn't mean we can't, or shouldn't, negotiate or talk privately behind the scenes. In the case of the French, I don't think it would have worked at all to say to them, "You better damn well do this, or we'll cut off our aid." We had gotten to the point where we were exerting pressure in a very effective way under the system of the Annual Review by OEEC members of the requirements and performance of each other. This was by far the most effective way to induce a country to do some particular thing.

WILSON: I think that is a fair description of the

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general approach taken in all of these programs. Maybe we're cynical here, but it is not a very satisfactory public relations situation. What kind of problems would this cause you in Congress?

WOOD: It caused a great many problems. The Congressman and his constituents are generally ready to be tough with recipients of our aid -- and you can't blame them, with all the money of our taxpayers they're spending -- and when a country we're aiding is defying us and doing something we think is very wrong such as being a Socialist country, like Britain, they get pretty angry.

WILSON: How crucial was this East-West trade question? That seems to be a sensitive matter for Congress.

WOOD: Extremely sensitive. The Congress was very strongly of the opinion that in most cases we ought to cut down on East-West trade just as much as possible. This is a persistent theme all the way through. There are some more broadminded people who see other aspects to this.

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WILSON: Ultimately you were obligated to carry out, under legislative decree, a very rigid program. What was the attitude of the agency? I get the impression that the agency itself was not very enthusiastic about rigid prohibitions on East-West trade.

WOOD: No. We felt that trade, as I think people more generally do now, should be trade in non-strategic items. We were perfectly clear that on the secret and strategic defense items, or on some major things that Russia didn't have the capability to produce, there isn't much point in promoting the supply of those things. That was particularly strong in days when Western Europe was considerably less capable of supplying such things than we. The argument has lost much of its force now, because the Communist world can get most of these things from us or from Western Europe. There was a lot of difficulty before in attempts on our part and in Congress to try to get this agreed

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list rigidly enforced. This was a constant difficulty we had as you undoubtedly know.

WILSON: The Danish tanker case.

WOOD: The Danish tanker case -- difficult. But here we are thinking about trade in non-strategic items with the Chinese Communists. These things have developed as we've gone along. Earlier it was a simpler age. It is true that some of the materials that might have been supplied to the Russians at that time, and were not available elsewhere, might have been of very considerable help to them in strengthening their ability to make trouble for us. We didn't feel that we ought to be as rigid with them. We did feel that there was the argument that trading relationships might open up the barriers to understanding in the best sense of the term. I had felt that anything that we could do to strengthen the demand of the consumer in Russia for consumer goods would subvert the will to build their military strength and their belligerence and we ought to be

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considerably more free in that respect.

MCKINZIE: It's certainly having an effect on Eastern Europe now.

WOOD: It's having an effect in Eastern Europe. I didn't think it would particularly strengthen the Communists. A lot of people argued, as you know, that the Russians were living such austere lives under communism, that if we gave them a little more food or clothing, something of that sort, it would make it easier for the Communist government because the people would be less dissatisfied. Of course, absolutely the reverse is true. A lot of us saw this, but there was a very strong feeling in the Congress, and you can understand it -- don't help the people who are making all this trouble for us by giving them access to the productive capacity of this country.

MCKINZIE: I don't want to tire you, but one or two more questions. One is, in the documents we've

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seen and in some recent memoirs, for example, Dean Acheson's memoirs -- a suggestion that in this period, 1946 until the Korean war, there was almost total concentration upon Europe. Is that fair to say?

WOOD: Yes, I think so. There was of course, the Rockefeller program in Latin America. Then the Point IV program was started in 1950. Then there was a program in India in 1951, which was quite a landmark. But the very great bulk of the effort and interest was on Europe and, I thought, properly so. There was a crucial question: Can Europe resume its former independence and strength and act as an ally? But there was a continual, growing interest in some of the other areas of the world.

MCKINZIE: It's been argued that the Korean war brought about such an expansion of concern in the United States about war in the underdeveloped areas, that there was not sufficient thought given to what could be done -- in terms of opportunities and

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limitations -- and that the Korean war brought on a focus on the military possibilities allied with point IV sort of aid, and that it was not a very satisfactory arrangement for some years after that. Was that fair?

WOOD: I think that's fair. There was a very great increase in concern with the military, and not only in Europe. I think that there was emphasis all through this period on the importance of our relations with the other countries of the world, on the basis of economic aid. This was in the sense that it would give us a way of knowing if they were threatened, and perhaps the ultimate building of allies and points of strength outside the Communist world. I think it is true that the Korean war made us more conscious of the military threat outside of Europe, and, therefore, more ready to think in terms of support for military strength of other countries outside of Europe.

WILSON: Yes, yes. George Kennan argues that this

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brought about the dissipation of resources and energies, and that there was an attempt in that period to do too much and, perhaps, in too simple a way.

WOOD: This has been a constant curse of our aid program outside of Europe. This is why we are in such trouble today. We have felt that we could somehow do things quickly, use our influence and our leverage to build up and modernize the backward world overnight, and make them strong allies by making them love you, and helping them. Quite the reverse is true because if you stir up a traditional society and give people all sorts of expectations of a better life, inevitably they turn around in terms of tension, problems, and dissatisfaction. It's tremendously important, I agree.

I think I would disagree with Kennan that our concern about the vulnerability of lesser developed countries of the world was misplaced or

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unwise. I would agree with him that we went about it in the wrong way,

MCKINZIE: The first administrator of the Point IV program, Henry Bennett, took a fairly long range view of the way it ought to be done dealing with what he called the three basic problems of modern life: education, health, and food, and...

WOOD: I added a fourth, communication. This has been my thesis all the way along about the backward countries.

MCKINZIE: He proceeded along those lines until he was killed in an airplane crash, and then it was taken over by Stanley Andrews. They proceeded that way, slowly and deliberately. This led to charges on the part of other people that these programs were not important because they didn't produce immediate results seemingly required in the atmosphere of the early 1950's.

WOOD: This is where we went wrong. It would have

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been far better to continue and intensify our efforts along those fundamental lines than try to modernize a backward society backed by mass infusions of capital. I think, perhaps, Bennett and Andrews were a little on the modest side. I think there is more support for this sort of thing that can be given by proper capital provisions in these fields. They were preaching the doctrine of commodities only as needed to demonstrate the value of the technical assistance. Once you get people trained and started, there are such things as fertilizer plants; and there are such things as power plants that don't relate directly to the man with a bag of seed and some fertilizer, but do very much indirectly. I think they were on the right track. It is an interesting fact -- and it doesn't have much to do with earlier predecessors -- that under John Hannah, today, this agency is moving more in the direction of emphasizing field development and technical assistance than it has since the time of Paul Hoffman, anyway, and of Henry Bennett.

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WILSON: This obsession with capital development was long lasting. It's sort of parallel with the Point IV program.

WOOD: You can understand it, because the infusions of capital into Western Europe were absolutely essential.

WILSON: And it worked.

WOOD: And it worked. Therefore, people rushed to the conclusion that you can do the same thing with a backward country, and you just can't do it. It's been a strange kind of alliance between our economists and the western-trained elite. Jawaharlal Nehru, for example; he did more harm to India by the insistence that he was going to modernize India and bring them into the twentieth century overnight, and therefore, he had to have these vast investments in steel plants and railroad car production, and all these things. This is where he went astray, and I think our success in the Marshall plan led a lot of people astray.

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WILSON: You've been associated with the aid process now for 25 years. Would you say that the programs of the Truman administration in one way or another dealt with most of the possibilities, problems, and opportunities that we face, or have there been changes -- developments -- since 1953 that are different?

WOOD: Of course, they did deal with the problems of Europe; there's no question about that. I would say that despite the mistakes I have mentioned, the method of analysis of the economy of backward countries has considerably improved. The use of the analysis has not been wise, frankly. I think that there has been one thing that hadn't been done in the Truman administrations to any extent and that is the realization that U.S. universities and other organizations, and even business organizations, can do a great deal in the economic aid and development programs. And the use of these, working with them and financing them to improve their processes and capabilities of their staff

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members -- this wasn't done much in the Truman administration. This is one line that I think has been exceedingly constructive. That would be the main thing I would say that was not foreseen. Harold Stassen, when he came in, saw this immediately. He made some mistakes, but this is one of the right things he did -- after the universities began to bring their men in...

WILSON: How did the transfer of power take place? There were all of these studies that we are aware of that Harriman's office did -- you probably were associated with some of them -- in preparation for the transition to the Eisenhower administration, and Stassen's coming in. There were wholesale firings, I assume.

WOOD: This was a traumatic period. Stassen was overly tough and harsh. It was really horrible -- the unfairness of some of the treatment of the staff.

Point IV operations concentrated, wisely, on the problem of the need of developing nations

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for technical assistance and the training of people, with special emphasis on agriculture and health. I think it's clear that the point IV view of what could and needed to be done was limited. Yet sometimes I think it would have been wiser if we had stuck wholly to that limited operation in the developing countries rather than to go so far to the other extreme of massive infusions of capital, as we did.

WILSON: It certainly caught the vision of Americans.

WOOD: Yes, it did.

WILSON: That, despite the problems that people discovered in the notion of the people-to-people approach. Are you getting this kind of resurgence of general support by Dr. Hannah in the last few days?

WOOD: Yes, yes. I hope so. He has supported an increase in the technical assistance, people-to-people program. You don't see much of it yet, but I think you will.

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I think one of the reasons we don't have more support in the U.S. is that we promised too much and people expected much more rapid progress than was or could be achieved. Western-trained officials of the developing countries also promised too much and there's been confusion and little progress, although there have been some real successes, even so. For example, the Pearson* Report pointed out a 5 percent increase in gross national product of the developing countries, annually, from '59 on, and that's not to be sneezed at. It was a far better record than had been achieved at any time before that.

*Pearson was former Prime Minister of Canada and active in UNRRA.

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