Memoir

of

EMILIO COLLADO

With State Department, 1938-49; Chief, Division Financial and Monetary Affairs, 1944-45; Director Office Financial and Development Policy, 1945-56; Deputy for Financial Affairs to Assistant Secretary for Economic Affairs, 1945-46; U.S. Executive Director, International Bank for Reconstruction and Development, 1946-47; Trustee, Export-Import Bank, 1944-45.

New York, New York
July 11, 1974

Recorded by Richard D. McKinzie, Harry S. Truman Library

The Harry S. Truman Library
Independence, Missouri
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MCKINZIE: One thing that historians are interested in is why people go into Government work in the first place. You had academic training which qualifies you for an academic career. Why did you decide to go into Government work in the 1930s?

COLLADO: Well, I graduated from MIT in the depths of the depression, 1931, and I got a passable local job in Cambridge, with a printing and publishing firm. For a variety of reasons, I was able to do the graduate work at Harvard,

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where I took a Ph.D. in economics. I was able to combine this with going to Harvard and it rather suited me and my boss, because we were very active in the printing and putting out of bulletins, publications and things about MIT and Harvard, and the connections didn't hurt any. I was able to moonlight on the boss' time to some extent.

By 1934, of course, a new Government had come in and we'd gone through important changes. I was getting restless and it really became a question that I had to make up my mind whether I was going to do professional stay in the printing business.

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So, the time for decision came. At the time, my friends at Harvard, particularly Professor Taussig, brought to my attention two jobs almost simultaneously. By strange coincidence they were both in Washington and they were both with people named White. I can remember the Labor Day weekend. I was at my mother's home in upstate New York. I got a telegram, "Come to Washington for interviews," signed "White."

I went to Washington, then I had to find out after I got there which White it was that had sent the telegram. The White that had sent the telegram was Harry Dexter White, who has received a certain amount of acclaim over the years. He was then in the Monetary Research Department of the Treasury under Secretary [Henry J.] Morgenthau. They offered me an

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interesting job and I took it. It was just about that simple.

MCKINZIE: How well did you get to know Harry Dexter White?

COLLADO: Well, at one point Mr. John Hooker and I were the only assistants to Harry White and in my first months in the Treasury I sat across one of these double desks from Harry White, staring at him all day long, or he was staring at me all day long. I got to know Harry quite well and I kept up the acquaintance. It wasn't a good social friendship, it was a business relationship. It lasted right through the period until after I'd left the IBRD and he was out of the IMF. I saw him within months of his death. I really knew him in some degree from 1934 until he died in the late

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forties.

MCKINZIE: When World War II began, Harry Dexter White was involved very early in economic planning for the postwar period. As early as 1942, he had some conversations with the British and had done some work on postwar international financial institutions. Were you in contact with him and that group?

COLLADO: Oh, a little. Strangely enough, it was not exactly at the point you are referring to. A couple of years earlier I had been very closely involved with Harry on something that was a predecessor of the so-called "White plan," which was tossed out. I think it was the winter of '39-'40. I'm quite sure of my dates because my mother died during the period and I was commuting between the meetings I am going

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to refer to and her sick bed in the hospital up in New York State during that period, and I remember it quite well from that point. We had a proposal before a body that was a predecessor of the Inter-American Economic and Social Council. It had a different name, the Inter-American Economic and Financial Advisory Committee. Sumner Welles, the Under Secretary of State and my boss, was the chairman. In that committee we had a proposal for an inter-American bank. We actually wrote a treaty for an inter-American bank which was signed by half the American Republics, including the United States, but it was never ratified. It's a long story as to why it was never ratified. Harry White was one of the principal authors of this with Adolf Berle, who was the Assistant

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Secretary of State at the time. I got to do a great deal of the work and this was usually the rule. Actually a great deal of thought was put into an inter-American bank proposal at that time and it had some rather innovative aspects which never survived into the World Bank. It had access to the credit of the Federal Reserve System in a way that was never further put into some of the later proposals and maybe that's why it never got adopted. I think that it went into oblivion as an unratified treaty about 1941.

The work you're talking about came later. First was Article VII of the Lend-Lease Agreement, which urged the major allied nations to work together for postwar economic and social recovery and the other things in some very high class language. That was the product

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of the State and Treasury Departments and a few imaginative fellows, including Oscar Cox, who was one of the draftsmen in that period. Dean Acheson was involved quite heavily and so were some other people. In any event, this gave rise in the State Department to an organization to work on postwar matters directed by Dr. Leo Pasvolsky, who was the special assistant to Secretary [Cordell] Hull. They created the political unit which was headed up by a fellow named Harley Notter, and an economic unit headed up by Leroy Stinebower.

Well, I started in the State Department by being the economist for the Latin American unit; that's what I was hired as and I became assistant chief of the American Republics Division. It was headed up at that time by Larry Duggan. It included such people as

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Phil Bonsal and a number of others who stayed in the Latin American area. I was still an assistant chief of that division in 1940-41, when Sumner Welles asked me to become special

assistant to the Under Secretary, and that title was my principal one for the period that he stayed in the Department. I had other titles as well.

I moved into the economic work from the Latin American side. Stinebower had been assistant to Herbert Feis, who was Economic Advisor, and we worked together but there was a certain separation. They covered the waterfront and I more or less did Latin America. They gradually let me do more and more of the Latin American work, which the economic people thought was kind of a secondary occupation.

The folks that were working on postwar

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programs in the State Department were this Pasvolsky group. They became a sort of ivory tower and the rest of us worked at the day-to-day problems; and there was a considerable separation. They were regarded as the long hairs and we were those honest workers in the trenches.

In the Treasury, it didn't work that way. In the Treasury, as I gathered it, Harry White did everything, or rather the same people did everything. He didn't really have some sort of students and researchers over here and some operators over here. His team included a number of lawyers that were not directly in his department, but they were people he had worked closely with. The lawyers and the economic fellows that worked directly for him just did the planning in their spare time and they operated the rest of the time. It was

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a little different in the State Department.

It wasn't until the departure of Sumner Welles that I moved into another phase of activity. I became chief of a financial office under Dean Acheson and I began to get into the financial planning; so my contribution came a little later. I wasn't very close to the very beginnings of the "White drafting."

After being very close to the Latin American phases, there were a couple of years when I didn't have much to do with it. I was doing export-import, that kind of thing. I was down at the Rio Conference fixing up economic deals to keep relations quiet and taking care of "arranging" the Peru and Ecuador boundary. Mr. Welles settled them, but I settled them in terms of the preparation of everything that he approved. I also settled

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the famous dispute between the government of Bolivia and the Standard Oil Company. I'm not sure that my colleagues around here [Mr. Collado was speaking in his office in the Exxon Building] know that I settled that because they didn't like the settlement very much. Similarly, I had settled the whole Mexican expropriation of the Standard Oil Company, about two weeks before Pearl Harbor. Fortunately we did this because it was good to get it settled. I was doing this type of thing, I wasn't writing postwar plans, but when I got into the financial part, I had my range cut way down, but I had my geography expanded.

I did have some connection with these things that led to the Bretton Woods. Eventually I got very deeply involved, not in the Fund preparation, but in the Bank preparation. For

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one reason or another Harry White wasn't much interested in the Bank. Initially, his people didn't do any work on the Bank, they worked on the Fund, whereas, John Maynard Keynes was very much interested in the Bank, and worked on it; and it became very clear to me that we weren't going to get many Latin American countries interested in the Fund. The Mexicans were always very much interested in the Fund and Minister of Finance [Eduardo] Suarez was the man who was very much interested. But looking across Latin America, I could see that we weren't going to get them into the Fund unless we coerced them, to use improper terms, by making membership in the Bank

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conditional on membership of the Fund, which it is.

Consequently, a fellow named John Parke Young did a lot of work in this field. He worked with Stinebower and a fellow named Frederick Lindsey. Lindsey moved in with me as my deputy in the financial work. He was a much older man. He had been in the Department for years, and years, and was a very good man. A few of us came to the conclusion that more work had to be done on a Bank and I got quite active. I went to the conferences with the Canadians and some of the others and with Keynes when he came to Washington. Then I got very involved in the meeting at Atlantic City, which was almost exclusively devoted to working on the Fund. Then, at Bretton Woods it became obvious that something had to be done

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on the Bank and I got told to do the Bank. The Bank was sort of a stepchild at the beginning days of Bretton Woods.

MCKINZIE: Eleanor Dulles said that she thought that the Bank and the Fund resulted from the need to accommodate White and Keynes; that there were such differences in the way they thought about organization and the whole scope of things.

COLLADO: Well, that's an element. I think my Latin American story is quite relevant also and a great many of us in the State Department were almost more interested in the Bank than the Fund. Some of the other people who stayed were very much involved in both of them.

At Bretton Woods after the first week,

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which was just nothing but work on the Fund, the Bank had to be dealt with and the U.S. delegation, Edward Eagle Brown of the First National Bank of Chicago, Acheson, and I really were the principal workers on the Bank, whereas the big staff of highly technical qualified people all worked on the complicated provisions of the Fund. Harry White finally decided it was time he had to find out what was going on, and he sent around Harold Glasser to ask us what we were doing. It was a bigger division than you would have believed possible in a pretty tight

organization. We went with the Secretary of the Treasury every day and it wasn't as though we were keeping anything secret from one another. The Fund had such complicated intellectual issues that they didn't pay much attention to the Bank, even

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though they saw a great need for it.

COLLADO: We eventually got around, toward the end of the Bretton Woods Conference, to spending as much or more time on the Bank as we were on the Fund. There was this shifting emphasis that went through the period. It was an interesting experience. I think that the work basically has stood up quite well over the years. Any institution of this nature that lasts 25 years is quite miraculous to begin with.

MCKINZIE: There have been some people who have said that the Bank arrived with too little too late for the purposes of reconstruction.

COLLADO: The Bank was not much used for reconstruction. The Marshall plan was subsequently developed

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for this purpose.

MCKINZIE: But a lot of people at the time thought the Bank would be able to do it.

COLLADO: That's correct. The limitations on the Bank were a political judgment as to what could be put through the Congress. In the U.S. delegation to Bretton Woods, more from the peripheral agencies rather than from State or Treasury, it was suggested that instead of the Bank having a possible 10 billion dollars (it wasn't that big, however, only three billion dollars), we should have a hundred billion dollars or somebody else wanted 30 billion. One very interesting fellow got very upset about this and would practically leave the room in tears because the amount was much too small. I think the reason that he couldn't

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convince anyone, which is a political judgment, is that Congress wasn't ready for this big thing. You have to realize that stepping from the IBRD to the Marshall plan was a big step. You also have to remember that as late as 1939 or '40 there was imposed by law, a 500 million dollar limitation on the Export-Import Bank. People really had their fingers crossed as to whether you could sell the Bank at all, at one point.

I don't think it would have been possible at all to pass Keynes' plan through Congress. I don't think that White wanted to try to sell it. He had conceptional differences. He also had personality differences. Keynes was a man of great stature in all respects, and Harry liked to think he would be equal or superior to Keynes. This led to some rivalries, one sided rivalries.

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I don't think Keynes ever even noticed that they existed. But the fact of the matter is that I think White wanted a different plan if only to have a different plan. Actually, the way it's planned is much more conventional than Keynes' plan. That's why the Keynes' plan would have been difficult to pass, although what you can sell the Congress is very hard to predict. It makes a whole lot of difference how it's packaged. But in those days, I don't think he could have sold it. Now, since then we've had great advances in the world. It's a whole new world, but you can add zero to every decade and still talk about the same orders of magnitude in people's minds. You can go from here to here to here and the world goes from here to here to here. Only the numbers change.

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MCKINZIE: How did you happen to go to the Potsdam meeting?

COLLADO: It was 1945, and the San Francisco Conference was going on. It created the U.N. which was not primarily an economic thing, but primarily something other than economic. There had to be economic elements, but the big problems were viewed as political and diplomatic. The people that did most of the work on the U.N. proposal were from <u>that</u> side rather than the economic side. They recognized that they had to give house room to the economic problems, but they never really did a lot of work on it.

We already had <u>provided</u> the Bretton Woods agreements. They were not actually implemented at the time of Potsdam, that didn't happen until December of the same year. They were signed

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in '44 but they weren't ratified until almost the last days under the wire at December of '45.

Will Clayton was my boss at that time, and still carried the title of Assistant Secretary. I was the deputy. Leroy Stinebower was in the group as well, and it was agreed that Clayton, Stinebower, and I would go to San Francisco on kind of a revolving basis to cover the economic side of the U.N. There wasn't a big emphasis on it, they figured that one at a time was enough.

Well, then all of a sudden the Potsdam Conference arose, precipitated obviously by the surrender of Germany, by V-E Day in April. It began about the first of July. This was accompanied by the shift in Secretaries of State. Edward Stettinius was

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permitted to go to San Francisco and finish the U.N., but he was to be replaced by James F. Byrnes. Byrnes went to Potsdam.

I had seen Byrnes once or twice in his White House functioning, but I didn't know him very well. I saw him again a few days before he and the President took off on a cruiser. The rest of us stayed home and worked for another week, and then flew over to Potsdam.

Well, I went along with Will Clayton and a man named Emile Despres. Despres had done certain kinds of work in this field. Will and I were the principal economic fellows from the State Department that accompanied the Secretary of State and the principal representative of the

Treasury was Harold Glasser. There wasn't really any other economic people at Potsdam. Military people were all over the place, and

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of course diplomatic types. We did have some reparations people. Big Ed Pauley was there and one or two other people. At one point we dragged down the team of my people who were with Pauley on reparations work in Moscow. We brought them toward the end of the conference and I had a lot of indirect assistance that I didn't have earlier. These were a variety of people who were mixed up with reparations details; we got that all mixed up with the meeting at Potsdam.

There's some very interesting and a few ridiculous things that happened as a result of this development of factions. Will Clayton was the principal economic man at the Potsdam meeting and he carried the principal load. Pauley carried the reparations thing but not the other. He wasn't there at first, and

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they started on reparations without him. Then he came to Potsdam.

I remember a very difficult session immediately on our arrival by plane. We left after the Secretary and the President and got there before them, and we were working on a total of three documents. One of them wasn't relevant to the Potsdam. That was the document that led to the British loan negotiations of the fall, the wind-up of lend-lease. We had this big session with Lord Keynes, Lord Halifax and other British representatives that took place from after Labor Day of 1945 until December of that year; it really didn't have direct relation to the Potsdam meeting at all. Its preparations were initiated at Potsdam because it had been stimulated by some telegrams sent off from the boat by Byrnes and

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the President, which very roughly cut off lend-lease shipments to the British. We were greatly excited back in Washington about this, Acheson in particular, and also Fred M. Vinson, who came in as Secretary of the Treasury just about the time that Byrnes became Secretary of State. Vinson was the lead on these matters and Clayton was the lead on the State Department side. In any case, we had that document which wasn't immediately relevant to Potsdam and Jimmy Byrnes was furious, "You are wasting my time with irrelevancies!" We had a lot of trouble of that kind. Jimmy could be very irrascible and I got to know him pretty well later, but if it hadn't been in the middle of the war, if I hadn't been sitting in Potsdam of all places, I think I'd have quit. It wasn't easy to quit under the circumstances.

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You've got to be quite sure that you've got your retreat planned when you do something like that.

We also had prepared a paper on reparations and then there was kind of a general economic paper that concerned zonal arrangements, deciding where to draw the line and so forth.

I can remember we had the most awful evening with Mr. Brynes. It was a great group of people sitting around; Donald Russell; Jimmy Dunn; the chief political officer for Europe, Will Clayton;

and these other fellows I've talked about. We started in with our discussion but the Secretary was having no part of anything. I can remember we had a paper on reparations. I spent a lot of time on that; it was beautifully typed in

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government form. He immediately took a pen and poked a hole through the first sentence and said, "Why don't you say 'so and so' and 'this and that'." After this went on for quite a long time, I could see what was happening and I pulled myself together, although I was still mad. Will rose to the occasion and kept the rest of us out of it. At one point Donald Russell said, "Mr. Secretary."

Secretary Byrnes said, "Donald, shut up."

This was rough business. When we got all done the Secretary turned to me and said, "Young man, now you see what you should have done with this paper."

I rearranged the paragraphs without changing one word, and brought it back to him half a hour later. He looked at it and said,

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"Now that's what you should have done in the first place." I don't think he ever knew that there wasn't one word changed except for order. As a matter of fact, it improved the order. That was a rough evening, but we managed to move these things.

A very funny incident in all this is about Professor Varga, who was one of the Russian economic people. He was arguing with Will Clayton back and forth over the boundaries and he had all this data to show that the boundary that we had proposed was out of balance, that one side was heavier than the other side, and that they only got the little end of the deal. We were terribly inhibited throughout this by the Yalta Agreement, because everything had to be in the terms of the Yalta Agreement. None of us

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had been at Yalta and we did not like the agreement. We'd sent cables protesting it while it was being drafted which were ignored.

Anyway, it turned out in the middle of all of this that poor old Professor Varga didn't know where the proposed boundary was. The only thing that the Russians had given him was a crude little bit of a map out of a newspaper, and he had these boundaries marked incorrectly on it. We'd been spending all day arguing numbers and things which were pure misconceptions. It wasn't his fault. The Russian military wouldn't tell him where the boundary was. He had to take this out of some European newspaper. It wasn't even a Russian newspaper. There were lots of things like this happening. Sometimes we neglected

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to weigh these things and carry them out, so there was an awful lot of them happening.

MCKINZIE: Did you have the feeling that President Truman knew what was going on at Potsdam?

COLLADO: Pretty well. He certainly did by the end of the meeting. He grew into this job fast, and he was an easy man to brief. He listened and found out, and he had a pretty good instinct for the important things. He had a kind of a "hot house" course during the cruiser crossing and he did a couple of things which, frankly I think were wrong, including this famous telegram practically eliminating the lend-lease. This was not a good thing and we had to undo it without ever rescinding it.

You know how it is to operate under diplomatic

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constraints? You do eventually what you should have done in the first place, but you never admit that the final result isn't compatible with the interim position. (This makes great men sound not all that great.) But the President was quick to see his error. If he made mistakes he'd be the first to admit it. He had no pride of authorship in that particular sense.

This is why we welcomed the British initiative suggesting a postwar planning conference.

My impression is that at Potsdam the President fairly quickly began to sum up what the issues were, particularly vis-a-vis the Russians. The issues vis-a-vis the British were not all that difficult. We had little side shows of squawking Frenchmen who weren't

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in the conference -- their noses were completely out of joint as a result of that and we finally did make a concession and let the French have their zone in Berlin and Germany.

The Poles kept showing up, poor guys, and not getting anywhere. As you know, our support of them didn't result in anything very great. I wasn't particularly involved in that kind of thing because that wasn't my job. I was very much on the economic side and I put together a small book that had all the principal economic papers in it. They were on a fairly limited number of subjects.

MCKINZIE: I was going to ask you about Mr. Pauley.

COLLADO: He was a very picturesque character; a great big, tough guy I had first met in Washington when he was in the PAW. He was a

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kind of advisor on oil matters. His diplomatic assignment as reparations ambassador came later. Pauley was a controversial fellow, independently wealthy and all that kind of stuff. He got into his own trouble by flying his wife in the official plane over to Moscow from Washington and back from Potsdam. He later repaid the Government every bit of it. It cost him a fortune but he insisted on paying it all. He was a pretty sensible fellow. He didn't start with great knowledge but he brought into the act another fellow that I felt was very good, Parten, who was a Texas oilman,

a very attractive man and a close friend of Will Clayton. I think they both came from Houston. Pauley and Parten didn't do a half bad job at all when the chips were down. They started off pretty wild

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but they pulled themselves in. I spent a good part of a Potsdam meeting working with Pauley and with Lucius Clay, who was then the Commanding General, and I can remember we prepared a bunch of executive orders about some of the reparation items. The most important ones related to the German gold and works of art. You may recall we packed the art works and sent them off to the United States because, I think, of proper fears that they would be destroyed by the elements if they weren't taken care of. However, they had to be taken all the way to the United States and art experts say that the transportation was as bad for them as leaving them in the caves where they were found with mushrooms growing in them.

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The Potsdam meeting formally took place in a room with a big round table and the three chiefs of state sat at 120 degrees and their staff clustered about them. When I was in the room, I was way out in the back somewhere. After they finally signed everything on the last night, there was great jubilation (Joseph Stalin threw his arms around me and kissed me on both cheeks and I've never been quite able to get over that). We started out. There was a long corridor that led out to where the cars were and I got hold of Pauley and said, "The President just said he's leaving at 7 o'clock in the morning to go to the cruiser and we've got all these reparation papers. He hasn't signed them yet."

He said, "You follow me," and we went flying down the outer corridor -- there were

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pillars in the middle and you could go down by the edge of the pillars. How we got by all the guards who were standing there with guns I've never known, but Pauley was a big determined fellow and I just went flying behind him.

We got ahead of the President and Pauley jumped out in the corridor in front of him (it's a wonder he wasn't shot) and said, "Mr. President, these are the reparations instructions that we mentioned."

The President said, "Oh yes. Have you got them all there?"

Pauley said, "No, Collado has them."

And he said to me, "You always seem to be carrying all the papers." I produced a fountain pen and he signed them all and that was the end of that.

I gave the President a very summary description

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of each paper and he knew in general what was in them, but he did read them fast and that was the last I saw of him for months. He went back to Washington and I didn't see him again.

Pauley was pretty good and he got things done. This set of papers was something that Pauley, Clayton and I had worked out. Given what may not have been a very good reparation policy, these pieces of paper were perfectly good pieces of paper within the framework.

I have wondered to what extent small events do or don't influence history; whether a lot of the mistakes really made any difference. At the time I felt very strongly about our giving up all that territory in Eastern Europe, even though we may have had no choice. Certainly Byrnes didn't think we had any choice. We gave up any claim to German assets in Eastern

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Europe, Hungary, Romania, Czechoslovakia, in return for getting all the gold. There was a lot of talk that the politicians in Washington would never forgive us if we let the gold that we had found be shared with the Russians. So we gave them instead our half of the Eastern European assets. That completely enabled the Russians to move right in and take over all industry in those countries. Whether that was an important factor in the eventual East-West business (I doubt it -- I really doubt it) is just a little question in the back of my mind. Couldn't we have played particularly some of the Romanian-Hungarian games better if we hadn't done that?

We had a legal claim to a bunch of assets; would we have been better off if we had made that claim? I've never seen much written

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about this. I'm surprised, because it's been in my mind and I've talked with a few people about it, but I can't say that I've ever pursued it. I suspect that it probably wouldn't have mattered, but I always thought it was settled badly, merely because our people didn't do what I wanted them to do.

MCKINZIE: Could you talk a little about Will Clayton?

COLLADO: In my mind Will Clayton was one of the great men. He was a remarkably advanced fellow for a person who was not young even then. He had made his way the hard way and had lived a life that looked very conservative, almost reactionary, in economics. He became quite an advanced thinker and I personally was very fortunate: I spent three years in State working

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for Sumner Welles, three years working for Dean Acheson, and three years working for Will Clayton. I doubt if you can do any better than that. They were individuals -- very different individuals. They're all controversial, probably Dean Acheson comes out the best in terms of most historians. But they all had a very high degree of intellectual ability. You could hardly compare them. One of the nice things, of course, was that Acheson and Welles got along very well together and made a marvelous team. This was a very high class pair of people to have around.

I was very, very fond of Clayton. He was an extremely fine gentleman and a very nice man. Everybody who ever worked for him absolutely adored him. He did personal things for you, things that he swore you to secrecy about;

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he didn't want you to tell anybody.

Clayton was conservative but only to a moderate degree. We got along uncommonly well. Will was very strong.

He came back from a trip to Europe in 1947 (after I'd left the World Bank), and he was very concerned about the lack of progress in the rehabilitation of Western Europe. He had serious political concern of what this was doing for Communism, the Left Movement and all that kind of thing. Consequently, he and Dean Acheson put together, with a little help from me, the first memorandum that ended up with what's now the Marshall plan. Dean Acheson made a speech in the Midwest which led to some words being put into the famous statement of Marshall, the Harvard commencement address. That started the Marshall plan;

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eventually won Marshall the Nobel Prize.

Well, in any event, I would say that it was Clayton's economic (political but economic) report that stirred up Acheson, who then proceeded to move in this area and carried the ball.. That's why I say this is not a man whose conservatism overwhelmed him. He was pretty forward looking. His proposals in form were perhaps more conventional than extreme but, nevertheless, moving in on these issues was something. He was a great friend of Jean Monnet; they had great admiration for one another.

One evening in April, 1945, I happened to be in Will's office, which was in the southeast corner of the State Department, the one that overlooks the White House grounds, with Jean Monnet. I was looking out the window and

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saw the flag pulled down to half mast. This was when Franklin Roosevelt died. The news came in and the two of them were very, very much affected by this. They were deeply concerned and deeply depressed and Monnet said, "My country has lost a great friend." This was a period when Charles de Gaulle was raising holy hell. I still think it was an interesting conversation.

Will knew everybody. From that work, I learned something about how business decisions are taken and how a really great businessman operates. I was very high on Will.

MCKINZIE: It bothers historians to deal with economic problems during this period because policy and operations were so fragmented.

COLLADO: The State Department had an awful lot to

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do with the economic matters, even though it had to battle its way against very strong forces. Jesse Jones as Federal Loan Administrator supervised the Export-Import Bank, and the materials reserve companies, and with all these things roles constituted an important, a very powerful force. Will was deputy to Jesse Jones and he had a very close relationship with Jesse. In all the early part of the war, he got involved in all the procurement and preclusive buying and all that kind of stuff. Jesse used to drive Herbert Feis nuts but Feis could always work something out with Will, even though it took him a while. Will progressed tremendously during the war and emerged with a very powerful influence. When it came to the final

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business after the war, the big lend-lease settlements, the British and other loans, and the final implementation of Bretton Woods, Will was greatly involved. He didn't go to Bretton Woods. It was Acheson and I that were the State Department people, plus Pasvolsky and all these other characters. Acheson and I were two that were running the State Department side of Bretton Woods.

After Potsdam, Will and I flew to London. Mike Pearson (later Canadian Prime Minister) wanted us to give the Russians the 700 million dollars that they were seeking from UNRRA, but we ended up giving some smaller amount, about a quarter of a billion. Then we were dealing with Stafford Cripps, Bob Brand, and Keynes and we were preparing for the fall meeting with the British in Washington. There had been

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a letter from Churchill on the postwar conference and planning. It resulted in Clayton being asked, when he was in London, to arrange for a British-American group to deal with this. We set it up there and then the final meetings began in Washington a month or so later. We had some problems getting final agreement, including some business with Leo Crowley, who was in political difficulty at that point. What I'm trying to get at is that the strong men were Clayton, White, and Vinson. There were lots of other people in the act and many good men, but the U.K. deal really was consummated because of Clayton, Vinson and White.

I had troubles with this correspondence that we were having with Churchill about postwar planning. Byrnes probably correctly said that it was not relevant to the meeting

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at Potsdam. But it took place at Potsdam and I had to negotiate the U.S. position. I had Jack [John] McCloy there. He was Assistant Secretary of War. Generals were all over the place, along with Admiral Leahy who was the President's personal military advisor. We fussed about getting a document about the rescinding of those cruiser cables on the lend-lease. To get a document that they would permit to be signed was a terrible chore and I spent a lot of time.

One beautiful Saturday, I finally reached Admiral Leahy. Byrnes wasn't there for that one; I was the only State Department fellow in the meeting. We finally ground out the last little wording changes that would suit the Admiral. Without having any lunch, my secretary and I put the thing together -- a clean

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version of the memorandum to the Prime Minister.

At Potsdam the President lived in a rather Rococo German villa with a rather attractive garden, which looked out on a famous lake. They called it Babelsburg, an appropriate name for it. It was a movie star's residence before the war. I happened to have rooms (I didn't sleep there but I had an office) in a little house just across the street and we got the memorandum retyped about 2:30 or 3 in the afternoon. I went across the street with this piece of paper. Byrnes had told me to bring it to the "White House" (as we called this structure). With some difficulty I got into the building. I had to go through MPs and the usual. The Secretary's personal aide was there and I explained that I had this

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letter that I was to bring to the Secretary of State for the President's signature, and that it was urgent. So he went up the big winding staircase and opened the door. I could hear some piano playing and some conversation, then I could hear Jimmy Byrnes' voice yelling, "Tell him to come upstairs!" This guy came out and I saw he leaned down and motioned to me, so I went up the great staircase. There was a big ballroom and it was like ballrooms, empty. Little gilt chairs were around the edge; it was quite a handsome big room looking out on this lake, with a raised platform and a grand piano on it. Seated at the grand piano was an alert small man in shirt sleeves with a drink on the corner of the piano. Standing alongside him was a naval gentleman with no coat on, just the

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uniform pants. The third gentleman was the Secretary of State. He said, "What have you got there?"

I said, "Well, this is the letter to the Prime Minister."

He said, "Have you got it cleared by everybody?"

I said, "We finished clearing it with the Admiral just before lunch," and the Admiral looked up and said, "Yea, I agreed to it." The President looked up from the piano and asked for a fountain pen. I produced one and he signed the memorandum. I then turned around (when you're ahead you leave) and he started to play the piano and they were singing as I left. I thought it was nice, these three people sitting there playing. The President played the piano quite well, in

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a rather oldtime, ragtime manner, and they were having a fine time. They weren't drunk or anything like that; they each had a drink. I have often thought of that picture: the five-star admiral, the Secretary of State, and the President, together on a Saturday afternoon, having a little music.

The fact of the matter is that Harry Truman was a very human man. They were having a little quiet relaxation. They had had their lunch; their distinguished visitor (because he always had some distinguished visitor) had gone away. I happened to know the Prime Minister was coming later to see him because I practically ran into him in the street on the way out. They had a little free time and there they were, President Truman was playing the piano and they were

singing. I can't say that the singing was very high quality, but the piano playing was quite good.

I enjoyed these people. I used to see Clayton a fair amount later because he would ask me to do something. I would do anything Will Clayton ever asked me to do. I went on the Board of Advisors of the Fletcher School up in Medford, really, because he asked me to. There's a Clayton Foundation at the Fletcher School. He and his friends put quite a little money into it, and his son-in-law Maurice Mac Ashan and I are still members of that Advisory Board. I was very fond of this marvelous gentleman and human being.

MCKINZIE: Thank you much.

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