

EUROPEAN RECOVERY PROGRAM

Interview With

DR. GUSTAV ADOLF SONNENHOL

Bonn, Germany
May 14, 1964

by Philip C. Brooks, Director
Harry S. Truman Library

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Independence, Missouri
January 1966

NOTES
DR. GUSTAV ADOLF SONNENHOL

My interview with Dr. Sonnenhol was arranged by the American Embassy at Bonn, and I had no information on him before that. Essential biographical data concerning him is given in the interview itself.

Dr. Sonnenhol was, at the time of my interview, a ministerial-direktor in the Ministerium fur Wirtschaftliche Zusammenarbeit. My interview took place in his office at that ministry, at Kaiser Strasse 185 in Bonn. Dr. Sonnenhol is a very pleasant, cooperative person, tall and I would guess about 50 at that time. He is quite articulate and appeared to think carefully about what he said. I found the interview quite informative.

Philip C. Brooks

EUROPEAN RECOVERY PROGRAM INTERVIEW TRANSCRIPTS

NOTICE

These are transcripts of tape recorded statements made for the Harry S. Truman Library. Drafts of the transcripts were edited by the interviewees but they made only minor emendations; therefore, the reader should remember that these are essentially transcripts of the spoken, rather than the written, word.

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DR. BROOKS: Dr. Sonnenhol, you were the Information Officer of the German Marshall Plan ministry from 1949 on. Previous to that, were you in the government, sir?

DR. SONNENHOL: No, I was not in the government, so I had not been connected with the Marshall Plan ministry before.

BROOKS: What was your activity before that, may I ask?

SONNENHOL: I was a member of the German Foreign Office. Then after the war, I was a prisoner of war, then I was a journalist, and then

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joined the Marshall Plan ministry.

BROOKS: In this connection, you would have had an interest, would you not, in the general German reaction to American aid...

SONNENHOL: Oh, yes, certainly.

BROOKS: I would like, if you don't mind, to ask you some quite general questions about the period before you joined the Marshall Plan ministry.

A number of persons in different countries have said to me that the Marshall Plan was something of a turning point in Germany, because it meant a new kind of confidence in cooperation. Would you say this is true?

SONNENHOL: Oh, yes, certainly it was. The Marshall Plan for Germany was something different from what it was for other countries. It meant far more than for countries which had economic

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difficulties, as France or Great Britain or Belgium, because for us it was a big political issue. It was the chance for Germany to be reintegrated into the Western World.

BROOKS: And, you felt that that was true of the Marshall Plan, whereas, it wasn't of the previous organization...

SONNENHOL: No, no, because while we were connected with the Marshall Plan, we never seemed isolated from the general move to European unity. With our entry later on into the Marshall Plan organization, at the same time we became a member of the OEEC in Paris. This was the first international organization of which we were a member. And, our mission with OEEC and our mission in Washington with the Marshall Plan administration were the first two diplomatic missions after the war. And the agreement with the Marshall

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Plan organization, I think it was in December '49, was the first international treaty the German Government signed after the war. So that, it meant far more than purely material help.

BROOKS: This would be the way in which it differed mostly from the organizations that existed before -- from GARIOA, the CRALOG bureau, and so on...

SONNENHOL: Yes.

BROOKS: Now there was a pronouncement by the Allies in December of 1945, and there was a speech by Secretary of State Byrnes in Stuttgart in 1946, saying that they were willing to back German recovery. But, I gather that the Marshall Plan speech and the plan itself were really considered something different, more tangible. Is that right?

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SONNENHOL: Yes, it was quite different, because everybody here felt that there was a big idea behind it. Something more than just helping to relieve after the war. There was a great hope that something important would happen, not only in Germany, but in Europe. In Germany the Marshall Plan, as I told you already, has from the beginning been associated with the movement for European unity.

BROOKS: Would you think that you or most of the Germans felt at the time that this would lead to economic union, to a common market? Did you favor this sort of thing?

SONNENHOL: Everybody closely associated with the Marshall Plan at that time hoped that it would lead to a common market, and all our information work connected with the Marshall Plan was directed in that way -- from the beginning.

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BROOKS: What would you say was the greatest need of Germany at that time? Was it primarily still relief, in the way of food enough to subsist on, or was there a pretty wide interest in economic recovery and export trade?

SONNEHOL: I should say it was both, because food at that time was very important. We had not enough foreign currency in the country to buy food. You remember that the winter of 1946-47 was a very bad winter. People were starving, it was extremely cold and, therefore, the

delivery of food was very important. But a bit later -- you know that the currency reform came about in 1948. This currency reform would not have been the success that it has been, if there had been no Marshall Plan. The new deutsche mark, in itself, was not so important, but it was very important that raw materials could be imported

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and that there were enough imports of food stuffs and raw materials to make the German economy go again.

Certainly the currency reform and the liberal policy of Erhard could have not been a success without the Marshall Plan. When the deliveries under the Marshall Plan started, it was about early '49, I think, that was the critical moment, the deliveries of raw materials, machines, and food stuffs arrived. Because, at that time, the deliveries consisted not only of food stuffs, and raw materials, but of very important production items, such as machines...

BROOKS: Now, after the Secretary of State Marshall's speech was given in June 1947, was this generally known to all the people...

SONNENHOL: Yes, yes, everybody. Everybody was

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conscious of it.

BROOKS: Then, it was almost a year after that, before the American Congress approved this proposal. After that, it was a considerable number of months, until actual tangible deliveries came. In the meantime, was there impatience, or was there confidence?

SONNENHOL: You see, there was the other relief work, GARIOA, which was carried on until the Marshall Plan came. Just the primitive needs of food imports and other very vital items were covered by it. Then, just as I told you, when the big change came with the currency reform and the start of a liberal policy, the machines and raw materials came in at the right moment.

BROOKS: Did people feel that the Allied leaders really understood the German problems?

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SONNENHOL: I should say yes, because you must remember that at that time, already, there was the big change in Western policy, as we saw it. There had been the crisis in Greece and Turkey, and there was a burning problem. After Czechoslovakia, people here realized the big change and they gained hope, especially that America would take the lead in a movement against further advance of Communism in Europe. And so you see a person like Lucius Clay, at that time, gained tremendous prestige. All these different items must be taken together, when you consider the impact of the Marshall Plan in Germany.

BROOKS: Was the Greek Turkish aid program, in the "Truman Doctrine" speech, considered important here, too?

SONNENHOL: Oh, certainly.

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BROOKS: I wondered, frankly, when I started out on this project, how much these two things were tied together. Some people in the United States tend to look at them as quite separate, the Greek-Turkish program and the Marshall Plan, while everybody I've talked to in Europe has said quite to the contrary. And, the people in Greece, for example, are much interested in German recovery, partially because of the export of Greek tobacco to Germany.

SONNENHOL: Yes, you see after the war the program for Greece and Turkey was the first hope that there would be a change. These two problems are

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intimately related and they were related with NATO, later on.

BROOKS: Did most people think of the Marshall Plan as primarily a measure of economic warfare against the Communists, or primarily a constructive recovery measure for Europe itself?

SONNENHOL: I should say, both.

BROOKS: This I ask, because there were differences of opinion in the American Congress. There was more support for an economic recovery program, than there was for more economic warfare to fight Communists.

SONNENHOL: Both, I should say both.

BROOKS: What was the attitude generally toward Russia. You know, Bevin and Bidault invited Molotov to a conference and asked them to join the Marshall Plan. Would that have been

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a good idea? Would the Germans have liked that?

SONNENHOL: Well, you see at that time, people were not enough aware. But I think, in general, they wouldn't have liked it.

BROOKS: Do you think it would have worked, had the Russians been in it?

SONNENHOL: No, it wouldn't have. It couldn't have worked. You remember the Czech's came prepared to join and then they had to pull out. No, it wouldn't have been a success.

BROOKS: Well, that seems to be a pretty unanimous opinion with everybody. The other night, I happened to be talking to a businessman here, who made a remark that indicated to me that the currency reform of 1948, was not too welcome, that it was a pretty rough thing.

SONNENHOL: Oh, it was an extremely hard thing.

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BROOKS: But, did most people feel that it was justified?

SONNENHOL: Well, people saw that something had to be done. You must remember that this was the second inflation in Germany. We had a very severe inflation after the First World War...

BROOKS: This same man referred to that.

SONNENHOL: Yes. Everybody was conscious of it. You can't understand the time of Hitler and all this, without understanding the breakdown after the First World War, when the old bourgeoisie broke down and lost property and everything. So, we were very sensitive to inflation, and I think everybody was agreed in 1948 that something had to be done. But the measures were extremely severe, because we were practically put naked into the street and had only our hands to work with and everybody had,

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more or less, fifty D-marks in his pocket. Everything else was lost, all gone forever.

BROOKS: I suppose one might speculate, what would have happened if we had had a Marshall Plan after World War I. That's a little too vague.

SONNENHOL: After World War I, there was the problem of reparations. This too, is a matter connected with the Marshall Plan. This time there were no reparations to the Western powers. There were reparations from Eastern Germany to Russia and there was some dismantling of war industries. But, the problem of reparations didn't exist -- which had made the world of 1922, '23, and so on so difficult.

BROOKS: It must have been a great psychological improvement. Well, even though there was some dismantling, I gather that actually the existence of what plants there were, and of increased manpower,

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actually gave Germany a great industrial potential

SONNENHOL: Yes, there was still important potential left.

BROOKS: Possibly more than in some other countries.

SONNENHOL: That I shouldn't say, no. It depends upon the industries. Not in heavy industry, anyhow.

BROOKS: When did you get the feeling, you or the people in general, that Germany was really on its feet economically?

SONNENHOL: I should say from 1952 on. By that time we gained enough exports to pay our way.

BROOKS: The wartime rationing was continued until 1948?

SONNENHOL: It was just after the currency reform

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that it was dismantled.

BROOKS: Did people feel that this was continued too long, or that it was reasonable or necessary?

SONNENHOL: They thought it was necessary. They realized that the government was able to abolish it, because the Marshall Plan deliveries came in. It couldn't have been abolished if the Marshall Plan had not come, that is sure.

BROOKS: I gather that there was some difference of opinion, Dr. Sonnenhol, as to whether or not the people who had suffered direct war damage should be compensated before the currency reform. I've seen this mentioned in things I've read. Was this really a great controversy at the time?

SONNENHOL: I'm not so much aware of that. It was rather a problem of the years after the currency

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reform, because the currency reform was and still is extremely unjust, because it took away liquid assets. But those who owned factories, or ground, or something, or had shares in industry, had to take a share in this operation, sharing the burden, *Lastenausgleich*, we called it. But, their treatment has been, up to now, far more favorable, because the rest of the country had nothing at all, not speaking of the refugees. But me, for instance, I was an intellectual, and I had nothing at all. The owner of a factory was in a far better position, even with the part of the equalization scheme he had to pay, than a civil servant or working man, who, though he did not share in the scheme unless he were the owner of a house, for example, had to contribute much more by way of taxes for the reconstruction of the German economy.

If you wanted to make the whole operation

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start, you had to be unjust, and we felt that industry should be rebuilt at the expense of other classes of the population. So, in this way, huge new income would be piled up and it was the only way to build up industry and get the whole thing going.

BROOKS: Would you say then, that there were differences of opinion in Germany toward American aid and the Marshall Plan as among the industrialists, the laborers or agriculturists, or others?

SONNENHOL: No, I wouldn't say so. I can speak from my own experience, I worked very closely with our trade unions day to day, and they were the keenest supporters of the Marshall Plan. All through that time, the trade unions were very much in favor of our Marshall Plan work and European union, as they are today.

BROOKS: This would be because they wanted to insure

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full employment -- because you had an increased manpower resource for various reasons.

SONNENHOL: Yes.

BROOKS: I've also read that there was some fear that perhaps the Marshall Plan was going to encourage too much socialistic control, because it was a government operation; and that some people favored more emphasis upon the control by private business. Were you conscious of a problem in that regard?

SONNENHOL: We were, because, along with the Marshall Plan there started within the federal government the great liberal free economy experiment of Professor Erhard. And that could have been at cross purpose with the Marshall Plan. But at the same time, we were so poor and there was so little money available for industry, that some state control measures had to be taken,

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anyhow. Because, there were no other sources of capital available. Capital had to come from public funds. There was no private capital. So this was not an issue in Germany. You know how the scheme worked; we are very familiar with the plan by which the counterparts were used by the Marshall Plan.

And from the counterparts was formed a huge capital, which is still working today in the Bank for Reconstruction and Development in Frankfurt.

This was the bank which executed the Marshall Plan in Germany, on the German side, which distributed the counterpart funds to German industry. This is an amount of about 6 billion deutsch marks today, still working, and besides the reconstruction work in Germany, the reconstruction in Berlin, mainly, was financed out of these counterpart funds. That may be of interest to

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you, we finance a small part of our aid to underdeveloped countries out of this fund.

BROOKS: This is another thing that interested me. As I understand it, you're in an organization that is primarily devoted to aid to underdeveloped countries. Does this give you any different insight or any different interpretation of the Marshall Plan?

SONNENHOL: Yes, it does. We still think that the Marshall Plan, as it was carried through was the right way to handle such a problem. For, if you see, the experience that I have today with my underdeveloped countries and see how the Marshall Plan worked in Germany, it is absolutely clear that it was an excellent way to handle this problem. We were not absolutely free how to invest the counterpart funds. The Americans had their say in it, and this was a

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joint venture. The priorities were set up, and there were strict obligations imposed on us from the American side and I think it wouldn't have been workable without these obligations. We accepted these obligations wholeheartedly and we were not able, today, to impose such obligations on the underdeveloped countries.

We discussed those countries yesterday in Paris, because we had a joint examination of our foreign aid problem. We are in some way or another connected with all countries all over the world.

BROOKS: Is this still in association with OECD?

SONNENHOL: Yes, yes, it is a Development Assistance Committee, an outgrowth of a committee of OEEC. I worked personally with OEEC for six and a half years. I was the deputy head of our mission in Paris. I came back two years ago.

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BROOKS: Do you have any particular impressions or remember any incidents worth noting about the individuals that were involved in this development? Of course we're primarily interested in President Truman -- though we're not just fishing for compliments for him -- but also Marshall, Clayton, Clay, whom you mentioned a while ago, Bevin, Bidault, and others.

SONNENHOL: Well, General Clay was retired when I came in. I had a very great impression of Paul Hoffman, and I meet him now from time to time in the program we have with the United Nations. I was present at a very important moment, at the end of 1949, when it became clear that the European countries were prepared to go to make the further step to European unity. There was big crisis at the Chateau de la Muette in Paris. Paul Hoffman put his fist on the table,

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and said, "Well, if you're not adaptable further to European unity, there will be no further money." And that was the big change, then the European Payments Union started and the European Payments Union was the basis for the convertibility of the European money. Convertibility of the European money would not have been possible without European Payments Union, and you know that from the Marshall Plan administration came the nucleus of the Payments Union.

BROOKS: I'm hoping to be able to talk to Jean Monnet about this sometime.

SONNENHOL: Yes, and you should see Marjolin, that's very important, he knows more than anyone else. He knows the work of the preparatory committees in Paris in '47.

BROOKS: I'm particularly interested in the work that

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was done there under Sir Oliver Franks. Did you know Franks?

SONNENHOL: I knew him, yes. I read all the records of these meetings, because they are very important, if you wish to understand the development of the European movement. And Marjolin was with Monnet in America at the end of the war. He came from Monnet's office. He was right from the beginning, from 1947 on, with the preparatory committees, and then became Secretary-General of OEEC. Well, I was very much impressed by Paul Hoffman. Then I met Harriman, who was the European representative, who very much impressed me at that time.

BROOKS: This project I'm on is his idea, he suggested it, and he's been very active in guiding me. He's a close friend of Mr. Truman, and he's a very good supporter of our Library. You felt

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that all these people really knew the situation?

SONNENHOL: Yes, exactly.

BROOKS: You perhaps, weren't in a position to observe General Marshall, himself?

SONNENHOL: No, no, we were too far away here to observe him, but we saw the different representatives of the Marshall Plan in Germany. I was in the Information Center, very much in contact with the European Information Office, which was headed at that time by Roscoe Drummond now with the New York *Herald Tribune*. He was in Paris for a long time at that European Information Center.

BROOKS: Did you know Mr. Tasca, who was here?

SONNENHOL: Yes, certainly, I know Mr. Tasca.

BROOKS: He's also been very helpful to me. You didn't

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ever encounter Mr. Truman, himself, I take it.

SONNENHOL: No, I didn't.

BROOKS: Well, sir, I appreciate your comments very much. Are there any points that you think I'm missing that should be touched on in connection with German reaction to the Truman Administration foreign policy?

SONNENHOL: Well, the Truman Administration was Berlin, the Marshall Plan, and NATO, you see. And of course Acheson is a very important figure, because all this happened at the time that he was active.

BROOKS: He is also still very close to Mr. Truman.

SONNENHOL: I would like to wind up as I began. For Germany, the Marshall Plan meant far more than for other countries. For us, it was the reintegration into international life and it

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was the first organization to which Germany was allowed on an equal footing after the war. And it opened for us the way to a new life, not only economically, but far more politically. And it is closely connected in our memory and our thinking with European unity.

BROOKS: Well, we're staying in a hotel in Bad Godesberg which is right on the Rhine; and one can't look at all that traffic without realizing that something is going on. I thank you very much.

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