

Oral History Interview

with

Giovanni Malagodi

During the years of the Truman administration, was Central Manager of Banca Commerciale Italiana, 1947, and of an affiliated bank in Paris and South America, 1937-1947; Economic and Financial Adviser, Ministry of Foreign Affairs, 1947; member of Italian delegation to Organization for European Economic Cooperation, 1947-1953; Chairman, OEEC Manpower Committee, 1950; and Liberal Party member of Chamber of Deputies, and since 1979 of Senate, for Milan, 1953-.

Rome, Italy

July 15, 1970

by Theodore A. Wilson

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Opened February, 1982

Harry S. Truman Library

Independence, Missouri

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WILSON: I appreciate your taking what time you have for this meeting. I think I've explained some of the purposes of the project in the letter that I wrote. We're trying to do both a study, a synthesis, of the foreign aid programs of the Truman administration, and to collect material. Obviously, in traveling in Europe this summer I can ask no more than for persons, such as you, to give your impressions of events of the period. So, anything that you have to say about the subject would be most helpful.

If I might begin by asking you to describe your service, your official service in the time period.

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MALAGODI: Well, I was at that time central manager of the Banca Commerciale Italiana, which was then the largest bank in Italy, and still is, and one of the largest in Europe. I had served as general manager of an affiliated bank in Paris and in South America between 1936 and 1947. I came back to Italy in the summer of 1947. I was asked if I could go for a few days to Paris as an expert on international financial affairs; I would be lent by the bank to the government. The bank, incidentally, was, and still is, controlled by the state, so in a certain sense I already was in public service.

I was sent at the end of August 1947, and I remained as an expert on the Italian delegation, first to the preparatory conference of '47, then to the actual OEEC from the end of August '47 to the month of May-June 1953. At that time, having resigned from the delegation and from the bank, I was elected a member of the Chamber of Deputies for Milan, a position which I still hold.

I went to Paris, and owing probably to my

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experience in international banking in Paris and to the fact that I speak French and English fluently, and also more than some German, I very rapidly became sort of a general advisor to the delegation. This unofficial position was officialized at a certain moment, and I was made minister plenipotentiary -- an honorary minister plenipotentiary -- and officially the chief adviser on economic and financial affairs to the Ministry of Foreign Affairs in Rome, spending, however, my time with the OEEC, the Italian delegation at OEEC. At OEEC, at a certain moment, I do not remember exactly when, but I think it was something like '49, I was also made chairman of the manpower committee, which I remained until 1953. Also, I was used by the Italian Government in certain negotiations which took place at the ITO and then in Strassburg, leading to the formation of an inter-governmental committee for European migrations, in French, CIME, which still exists.

I was also used in the economic side of NATO. I was in the negotiations entrusted to the "three

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wise men," Mr. [Jean] Monnet, Mr. [Sir Edwin] Plowden and Mr. [W. Averell] Harriman, which culminated in the Lisbon Conference. I was also at the Atlantic Conference before that in Ottawa, and then I was with President de Gasperi and [Foreign] Minister [Carlo] Sforza in Washington.

During those years, especially in relation with OEEC, with the exceptions which I have just mentioned, I went several times to Washington, starting in October and December 1947, then on several other occasions, as a member of the OEEC joint delegation to the American Government for the discussion of the total aid, and so on and so forth. This is a very rough outline of my part in the business.

WILSON: Yes. I can certainly understand why so many people urged that I see you. I'm not sure how much time you will be able to give me now, but one of the questions that I would like to put to you, since you were so intimately involved for the entire period, the important period of the

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OEEC, is what your views were at the time about the possibility of true integration.

MALAGODI: European integration?

WILSON: Yes, as arising from the OEEC's activities. And secondly, how did you view the actions which the United States took to support integration?

MALAGODI: Well, concerning the first point, politically, I was not then officially at the helm of the Liberal party, because as I say, I had been several years in South America, and then as a temporary official of the government I considered it ethical not to be directly involved in party affairs. Politically speaking, I was personally very strongly in favor of European unification. I then considered, and I still consider today, that European unification is an absolutely indispensable thing if Europe is not only to play its part in the world for peace and equilibrium or stability of the world, and also for the development of the third world, but indispensable if Europe is to maintain its independence and its culture.

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Well, looking at things from this point of view, in which I believe, and being also a personal friend of President [Luigi] Einaudi, who as you know was strongly for these views, and being also connected and in touch with Sforza which you know was his whole idea, I considered the work of the Marshall plan conference, then of OEEC, as essentially addressed to furthering of this purpose. From this point of view, I think that American action in those years was extremely popular.

We must remember two main things. The first is the notion that American aid should be evaluated in discussion between European countries and America, and the notion that the

American aid, once decided upon by Congress, should be divided among these European countries, through discussion among themselves, and with America. Obviously, America had very much to say, both on the total amount and on the use per country and per sector, of this amount. The fact that the European countries were forced to discuss their problems, not only in national terms, but

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in European terms, was extremely useful, I think, in creating the atmosphere out of which other developments then took place.

Personally, if I may quote an episode, I remember that one of my first important assignments in OEEC, in the spring of 1948, was the division of aid, which was entrusted to a group of four countries, consisting of Great Britain, France, Holland and Italy, with an American obviously there too. We were entrusted with this work -- a kind of selected group. We had to refer back, then, to the full OEEC. This took place in the Forest of Chantilly, in a little hotel, where we worked and quarreled and came to terms over a period -- I don't know how long but probably ten days -- and finally we hammered out something which was very reasonable and accepted by all as such. The other important point was the initiative taken by the American Government, the American delegation to OEEC, of setting up the so-called European Payments scheme. I do not now remember exactly if that was '48 or '49.

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WILSON: 1949.

MALAGODI: It's '49. I remember Dick Bissell was mainly in charge of the matter. What was once a kind of diplomatic exercise in the sharing of aid became a very definite and complete exercise. You remember, probably better than I do now, what the terms of the first plan were. But certainly the notion that there were transferable drawing rights and a certain freeing of trade was an extremely important notion in two directions. First of all, there was the general freeing of trade as between the European countries and America. And in the other direction, there was the creating of an atmosphere of special intimate cooperation between the European countries.

I would like to remind you in this regard of things you certainly know by now better than I do because I rely very much on memory, that parallel to what we were doing was the setting up of NATO, which also represented a strong effort of cooperation between America and European countries, and by European countries among themselves. General

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Eisenhower was at that time the commanding officer, the SACEUR [Supreme Allied Commander, Europe] of NATO, and as I remember, at least once, if not on two occasions, he

was received by the full council of OEEC and gave us very strong and able speeches on the theme of European unification as seen from this angle.

Then there were other things. First of all was the [Robert] Schumann, [Konrad] Adenauer and Jean Monnet initiative to set up the Iron and Steel Community. We were not at OEEC entrusted with those negotiations, but we were obviously in very close contact with those that carried them on, and we all realized that this was a strong step in the same direction.

I also remember that when the iron and steel negotiations had succeeded, the then leader of the Dutch delegation to the OEEC, and I believe also president of the executive committee, Dirk Stikker, set forth a plan called the Stikker plan. It was to foresee the setting up of a series of other authorities,

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on the lines of the iron and steel plan, to which we, the Italian delegation, were not agreed because we were against the partitioning of Europe into sectors. We thought partitioning into countries was bad, but the partitioning into sectors was just as bad. And we put forth a counter plan, which was called the Pella plan, which you probably have seen, and in any case I would recommend your seeing it. It was largely written by myself and by Ambassador [Attilio] Cattani, who then was the diplomatic leader of our delegation and a very close, good friend of mine, and still is, and a very able man. We offered this plan to Minister [Giuseppe] Pella, who was then the Minister of the Treasury in Rome and ministerial leader of the Italian delegation. It was set forth. In a way, in embryo, it was a plan for the European Economic Community. It included some provisions which finally found their place in the Rome treaty, for instance, the granting of certain exceptions to Italy in view of the particular conditions of the south in Italy and so on and so forth.

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Then there were the negotiations, which you will remember, for the setting up of a European army. I was still in the Italian delegation to OEEC when that began. Again we were not entrusted with those negotiations, but we were in close contact with those who were, and we followed things very closely. I remember, for instance, once Mr. de Gasperi, then Prime Minister, came to Paris and held a joint meeting of the European Defense Community, and of the OEEC delegations. We had a general discussion of the economic, military, and political aspects of the situation. All these were steps in the direction of European unification.

It is true that the army thing did not gel, which was a very great pity, and the fault was largely with France, but not only France. England and the others, including Italy, perhaps did not sufficiently press for them. Anyhow, they were all steps in the right direction. And they created the atmosphere after which the Messina Conference came, in which as you know, Mr. Gaetano

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Martino, who was then Minister of Foreign Affairs in Italy and president of our Liberal Party, was very heavily involved. They were also steps in the right direction, and they all finally originated in two things. One is the existence in Europe of a not very large, perhaps, but influential public opinion, which considered and considers the unification of Europe as indispensable. The second and most extraordinary fact of all, if one thinks of history, is that the United States recognized that the unification of its allies was not against its interests, but in favor of it. This is a thing which I pointed out at the time and have again and again pointed out. Traditionally, big powers have always considered that their allies should not become too close between themselves. In fact, Rome, in its imperial times, considered an alliance between two of its allies as a reason to go to war against both of them. And France or England or Germany, or Russia today, do not favor much the coming together of their allies. The only great historical

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exception of which I can think of, is the exception of the United States after the war. Up to this day -- although today enthusiasm seems to be somewhat diminished -- but in any case, it still officially is the point of view of the American Government. I think this has been a very great discovery, I would say, in the real political attitudes -- this understanding that it was in the interest of the United States not to be allied with individual countries in Europe, but if possible with a united Europe, or at least with a Europe working towards unification. This indicated a grasp of the world situation, of the forces developing in the world situation which in my mind was quite exceptional, and which is, I would say, historically speaking, a great merit of President Truman, and of those who worked with him.

WILSON: That's very important.

MALAGODI: Then I would like to remember not only General Eisenhower whom I saw then in Paris around

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the table, and who was kind enough to receive me later when I once went to the United States and he was President of the republic, but I would like to remember Ambassador Averell Harriman, who then played a very great role in pushing forward the whole job of OEEC and NATO and so on.

WILSON: I saw him this spring, and he was very concerned that I see you.

MALAGODI: I think he was largely responsible for the progress that then took place.

WILSON: I saw Dr. Stikker yesterday at Lake Como and he asked me to give his good wishes.

MALAGODI: Oh, how nice. How is he?

WILSON: He's very, very good.

MALAGODI: What does he do now, nothing?

WILSON: He's just cutting back his work. He's been working for the U.N., you know the Far East Development Commission, or the Asian Development

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Bank, I guess.

He made some of the points that you've made. He said though that he thought that there was some uncertainty among Americans as to how integration should take place, and that this uncertainty persisted through the period.

MALAGODI: Well, that I think is quite true. There was also uncertainty among the Europeans. But there was no doubt, for instance, that for a long time the French were much more enthusiastic than they became later, and that the British dragged their feet very considerably and tended to see the matter purely as a matter of finance and trade.

I remember, as a member of the Italian delegation, and as chairman of the manpower committee, it was my task to press, at every step, for progress in the realm of manpower parallel to the progress in the realm of money and of goods. We encountered very considerable resistance, especially from England, but also from other countries, because they sensed, of course, that manpower indicated

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one step further into the direction of politics. You remember probably that when the proposal for the European Economic Community was made, in Messina in 1955 -- and I was no longer with OEEC then, I was already a member of parliament and leader of our party -- the British put up a very stiff resistance.

I remember well a luncheon to which I was invited by the British Ambassador in Rome together with two friends, one of whom today is the Governor of the Bank of Italy, and we were confronted by the Ambassador and one of his officials who told us quite frankly that if Italy insisted and joined this community, there would be commercial war by Great Britain against us. I remember my friends were a little perturbed. I was not at all and I just laughed in the Ambassador's face and said, "You'll never do it, because it is not in your interest. Your interest would be to join us. In any case, we can't force you to join, but I believe we should go ahead and I believe we will go ahead." This English attitude, unfortunately,

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started to change when the French were changing in a reverse direction.

Now, you see, the uncertainty to which Stikker referred in the Americans, was an uncertainty about the pace of unification, about the ultimate goal of political unification, and also probably about the best way in which to prod the Europeans, the leading Europeans.

One theory was that you should prod them very hard, and the other was that you should not prod them too hard in order not to put up psychological resistances. I always believed both theories were true; that the matter was to find a reasonable middle way. This was easier at the beginning when Europe was so poor and so weak that the authority of the American Government offering aid, not only money, but psychological aid and political aid, was very great. Gradually, as the situation in Europe grew better, there was a revival, in a certain sense, of independence -- of a national independence in Europe -- and therefore the influence of the United

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States became more difficult to exert. Fundamentally, everybody always knew that without the United States we could neither carry on nor unify. But people became more reluctant to admit it, and over the years then -- but this was later, much later -- certain anti-American strains came to the surface of which you are obviously aware. This came later; there was no sign of that at the time.

There is one technical point I would like to make. I could have made it earlier, but it occurs to me now that one of the devices which I believe was more useful in creating an atmosphere of cooperation was the entrusting of the examination of the position of each country, to another country, followed by a close examination in front of all countries. This forced, for instance, an Englishman to go into all details of Italy, or an Italian to go into all details of Holland or of Greece, and this broke down many psychological resistances and many ignorances. I use this, but I don't think it's the correct word. It doesn't matter; you understand what I mean.

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WILSON: Yes.

How much attention should I give, how much importance should I give to the so-called special relationship between the United States and Great Britain as a hindrance to the progress of unification? Several people have suggested that the British could rely...

MALAGODI: This is a problem, one of the problems that came to the surface later, I would say. Speaking of the years when I was directly involved, that is the years 1947 to the beginning of 1953, everybody was aware of the existence of these relationships. They were, if I may say so, more true than they became later. But people did not resent them. My memory is that they were taken as a fact of life. They were not considered to be a scandal, because everybody was, as I said before, deeply aware of the fact that without the shield of American power, and without

the existence of American economy, it was practically impossible to bring things forward in Europe in any way, including the way of unification.

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So I don't think that at that time, during the Truman Presidency, this would have meant much, certainly not for us Italians. It might have hurt a little more the French, but as I say, I don't consider it to have been then as important as it became later.

You know, you must consider that even if "certain forces," let us call them so in inverted commas, if all these forces were strong enough in France to defeat the attempt of setting up a European army, however, the French Government, the majority of the French parliament, was not in that frame of mind on the iron and steel thing. It went through very well, and the French took full part in discussions on NATO and cooperation was 100 percent. The reluctance and the resistance, which arose, were later. They were behind the scenes; they exerted a certain influence, but they were not in the ascendant.

WILSON: Did the arrangement which the United States decided to make, to put through military aid,

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military assistance, through bilateral channels again, in 1950-51, rather than going through the existing agency, the OEEC, to handle military, did this cause...

MALAGODI: No, military assistance never passed through the OEEC, never.

WILSON: Yes, right.

MALAGODI: Military assistance was always handled bilaterally, or through NATO. As I remember, at a certain moment when the question of increasing the defenses of Europe arose, which was in '51 and '52, it was handled entirely by NATO. In fact, if I took part in those negotiations it was because I was lent, so to say, by the OEEC delegation to the Italian NATO delegation. Other countries also used some of the OEEC experts or others for these negotiations which had their termination in the conference in Lisbon. But this was not the task of OEEC; this was the task of NATO entirely -- or of the bilateral agreements. I must say, however, that the technique

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of the discussions leading up to the conference in Lisbon was very similar to the technique of OEEC. There was this group of the "three wise men," Plowden, Monnet and Harriman, and they asked each country to prepare a plan, an economic-military plan. Then this was discussed by a representative of the country, with the three wise men, after which it was put side by side with

the other plans. Finally, there was general agreement, which was not respected at all, but that is another matter.

WILSON: Yes.

If I may shift to another part of this subject, what was your evaluation of the American understanding of, and sympathy for, Italian problems, Italian economic recovery?

MALAGODI: Well, I must say that we found very great understanding. I don't know if it was greater for others; I can't put myself now in the shoes of others, but I must say that we got what we needed. If we didn't get more, it perhaps was a

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little our fault. We may have insisted a little more, for instance, on industrial equipment, but there were reasons, internal reasons, which made us insist more, against my opinion, on consumption goods. But altogether I must say we got very great understanding and we got what we needed. In fact, the so-called "Italian miracle" of the years after 1953-54 was largely, I would say entirely, based on the fact that between 1948 and 1950-51, we were put in a position to reconstruct the basic aspects of the economy with American aid. In fact, we were all quite conscious of that.

WILSON: Were you satisfied with the priorities given by Americans to the issues of financial stability and investment in production enterprises?

MALAGODI: Yes, I must say that there the Americans followed our suggestion -- as I say, perhaps even more than I would have liked. I was then inclined to believe that we should have laid a greater emphasis on production goods, and a little less on

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consumption goods, or we could have asked for the same amount of consumption goods and pushed hard for some more production goods. But on the whole, looking at it now, from afar, it was all right. I mean anything can be better, but there was no fundamental error, I would say, neither on the Italian nor on the American side. I must say that there was also a very close cooperation here in Rome with the special mission...

WILSON: The ECA mission, I guess.

MALAGODI: Yes, the ECA mission. Yes, Mr. [James D.] Zellerbach was here for a long time and then others followed. I must say that they knew the Italian situation as well as we did.

WILSON: The United States and Americans, from some of the documents I've seen, tended to regard the south of Italy as a very special situation. I wonder if you felt at the time that there was too much attention given to that by the United States.

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MALAGODI: No. No, I would say there was not. I would say they were right in giving very much attention to it and so were we right in giving it. Notwithstanding all that, much progress yet could be done in effect. But the line of emphasis has certainly helped here again to create a more general understanding of the problem. One reflection of that, as I think I said before, is to be found in the fact that the treaties of Rome contained a special protocol which allowed Italy to ask for exceptions for the development of the south. That followed on this understanding, this publicizing of the notion, that the South required special attention, a special measure.

WILSON: Was there any serious possibility that there might have been some Point IV assistance to the south of Italy? It was talked about at the time.

MALAGODI: Well, then I believe I was already leaving, but in any case I don't think Point IV was very relevant for Italy. I think Point IV was invented for underdeveloped countries as a whole. I mean

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we are partially underdeveloped, but then even our underdeveloped parts are so much more developed than the developed parts of underdeveloped countries, that the position is different.

WILSON: Yes. You have painted a very favorable picture, as all of the persons I've interviewed have, of the general themes of American aid. One of the topics on which the responses have been not quite so favorable has been the problem of congressional limitations on the aid given, restrictions of various kinds. Did that cause serious problems for Italy?

MALAGODI: Well, as far as I can remember, when I was with the delegation, we always, as I said, got more or less what we needed. One point I remember that concerned us very much, outside the aid problem itself, was the restrictions on Italian immigration to the United States, which we considered to be unjustified, and politically negative. We worked very much on this theme. I was a chairman of the Manpower Committee once when I was in

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Washington, and I was asked to work specifically on this. I remember I had to do it with two girls in the Labor Department; one was very pretty but not very intelligent, and the other one was very intelligent but a little plain, but they both were very cooperative. We did not obtain any success. Later, probably the seeds we had sown did grow. I think now the regulations are much more liberal than they were at the time, but at that time, if my memory does not betray me, the Italians' quota was not more than 4,500 a year, roughly, something like that. At that time, we had heavy emigration from Italy, which went to Canada, to Australia, and to other European countries. But again there were restrictions and limitations due in part to political reasons. We always felt that the United States could easily have given us a quota ten times as large, or nearly

50 or 60 thousand a year, even if it was only for a few years. It would have been a great advantage to the American economy, to the Italian

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economy, and probably also to a more intimate relationship between the two countries. But this was beside OEEC; this was another province, where the Congress was quite obdurate. I must say the administration was not very pliable; they were afraid of internal resistances. There's a remnant there of racialism which had inspired the original setting up of the quotas.

I remember the British had large, very large, quotas, but did not use them. There were considerably more, maybe tens of thousands, of unused permits, whereas in Italy we could have easily used them with advantage to all points of view, including the balance of payments.

WILSON: Yes, that's one subject that is a rather dismal one in this period. I mean it's much involved in the aid programs. But were you concerned or embarrassed by the U.S. Congress' anti-Socialist bias, as it might have been reflected?

MALAGOU: No; I don't remember we ever came up against

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it really. On the other hand, the governments in Italy then were center governments where the Socialists were represented by the [Giuseppe] Saragat Socialists who were not Marxists in the pure sense of the word. The Christian Democratic party was much more oriented towards the center than towards the left. So, in fact, there was no reason for a clash of views.

WILSON: You were, of course, in Paris, but...

MALAGODI: Well, I was. Once, several years ago, my wife having accused me of being away all the time, I took out all my little notebooks and I found out that I had in reality commuted between Paris and Rome and then London and Rome, Geneva, Washington, New York, so I was spending practically half of my time in Rome where the OEEC delegation had an office. I was spending half of my time in Rome and half of my time abroad, mainly in Paris, and shuttling up and down all the time. Then, I traveled mainly by train in Europe. Naturally,

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one took a plane to go to Washington, but in Europe, in Paris, one hardly thought of a plane. Taking a train made it easier or more convenient.

WILSON: Well, the trains are comfortable.

MALAGODI: At that time, it was something like 18 to 20 hours from Rome to Paris.

WILSON: Might you have anything to say about the position that the American Government took toward Italian labor? This has come up in several of the interviews -- that is, the special appointments of AF of L and CIO people in the ECA missions.

MALAGODI: Still now I have some contacts with those people and I am struck again and again by the fact that some of them are extremely well-informed on Italian developments. They keep up their contacts, and they know all about our affairs better than we do. At that time, these contacts existed, but there again you see the position was a little different because the Catholic and the Social

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Democratic unions were at loggerheads with the Socialist and Communist unions. Today the position is quite different. But at that time I think the contacts were useful. I would not say they were in any way wrong.

WILSON: One of the comments you made at the beginning, I think in modesty, was that one of the reasons why you were chosen was because of your linguistic competence. This is a very simple and minor question, but how did that work?

MALAGODI: Well, it worked this way. We spoke Italian, of course, in the bosom of the delegation, but all our contacts with others were either in French or in English. I would say it was a little more in English and a little less in French, because the British, the Americans, the Dutch, the Scandinavians -- all spoke English, preferably English. The French, of course, and the Belgians and the Germans, when they came, spoke a little of this and a little of that. I would say we

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spoke 60 percent English and 40 percent French.

WILSON: And the Americans...

MALAGODI: The Americans spoke American.

WILSON: Yes. Perhaps the final question would be one that's come up several times. That is, some people have suggested that they were concerned at the time that the United States was obsessed with the problem of Germany. Naturally, German recovery was essential for European recovery, and the reverse. But some Americans seemed to think that the problem of Germany was the only problem.

MALAGODI: I would say that as far as I can remember, to put it in these terms would be an exaggeration, although the Americans, and not only the Americans, were aware of the fact that Germany was a big problem. That I think is true. It may be even that at some moments in time,

then and later on, the Germans had been taken to be easier to understand than they are. Let me put it this way.

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WILSON: Very good.

MALAGODI: I had some experience with Germany. I worked in Germany before the war for some time and I speak German and knew Germany. I always tried to keep "au courant," and I've always considered Germany as potentially the problem brother of Europe, of free Europe. At that time it was not popular to say so. At that time those most concerned were not the Americans but the French. Having had the experiences they had had, they were not very satisfied at the notion of Germany requiring its rehabilitation. I must also say that the Germans at that time were very downcast. I remember personally that when I was entrusted with those negotiations I referred to in Strassburg, the setting up of this intergovernmental CIME, it was important to enroll the cooperation of the German Government. Therefore, I went to Bonn, for the first time in my life. Oh, I think I had been to Bonn as a young man, as a tourist, but I hadn't been there for years, and year and years. I went to Bonn and I found out that the relevant

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offices of the German administration belonged to different ministries and had no contact with each other whatsoever. So I established contacts, and it ended up in a meeting of representatives of the several German offices concerned, with me in the chair, concerting the German position with regard to the negotiations, because I was their only link. I was the chairman of the OEEC, and I was not purely Italian; I was an international official from that point of view.

WILSON: Yes.

MALAGODI: So very kindly, they all came and sat around the table with me, and we arranged what the German position would be. So the concern of Germany was to look very far ahead, and that was perhaps almost 20 years ago, a long time.

WILSON: Was there irritation about the preferences given to Germany because of the position taken by the allied occupation authorities, particularly the U.S. Occupation?

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MALAGODI: Not in our group. There may have been in others, not in our group.

WILSON: How risky was Ludwig Erhardt's policy of insisting, or really pushing, for consumption goods at a time when it was straining...

MALAGODI: You see, some of that is true as I've said before. Monetary authorities always felt that the first thing would be to feed the people, so to say, after which it would in a more leisurely

way take care of production. In any case, if there was irritation it was among the Germans and the Americans. It was not directly a concern of ours.

WILSON: Just a final question would be, looking back, what might your view...

MALAGODI: You know, I would like to say one thing which comes to my memory. There was obviously, as in all bureaucratic things, a certain element of unreality. I remember certain moments when there was a terrible discussion. I was just

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leaving the delegation when there was a terrible discussion; Ambassador [Attilio] Cattani was heavily involved. It was about the quota Italy was supposed to have in the oil refining business. The figures may not be quite right, but they are approximate. It all started with the assumption that Italy had the capacity of four and a half million tons, 4.6, and the Italian delegation received drastic instructions to obtain 7.6. This went on for two years, and then finally we were granted 7.6, but in the meantime the capacity of Italy had passed 12 million. So there you had the revenge of reality, and largely with American money, largely by American countenance. So the reality of things had outgrown the bureaucratic procedures very fast.

I think this happened other times, too. You see, looking back again, you must distinguish between the first, very first period, and later ones. I would suggest if you have not yet done it, you should do it; you probably have better sources than I can suggest. You should go back to before

[37]

the Marshall plan, to what was then called interim aid. You remember what that was?

WILSON: Yes.

MALAGODI: Which was really a kind of a "fire brigade" aid. At that time, various countries in Europe were in great straits. I remember that after spending the end of August and September 1947 in Paris -- I think I arrived when things were already underway at the preparatory conference -- I came back to Rome with the idea that I was through. I was promptly recaptured and sent to Washington for the negotiations in view of setting up the OEEC -- the final appropriations and so on. The two months we spent there, which were November and December -- we came back I remember for Christmas -- were two of the hardest months of work I ever spent in my life, really terrific. One of the reasons was that at the same time we were discussing future arrangements and aid and so on,

[38]

and we were involved in interim aid, in which a shipment of wheat one week late was a catastrophe, for instance. We were continuously working on immense sheets on which we had all

the ships, where the ships were, and when they were supposed to arrive, and would we have the money to pay for them. You see, we were not given the wheat; we were given money and then we had to pay for the wheat and so on. At that time obviously, beggars are not choosers. We wanted to have more, that is all, not much, much more.

Then you had a period which was a little better, in 1948-50, when gradually things started working again in Italy. I think it was more or less the same with the other countries. Things started working again and then one would have more freedom to consider things and more philosophically, to discuss great matters and the logic of European integration and the European Payments Union, so on and so forth.

I would end, if you don't mind, by reminding myself that in the year of our Lord 1949, I made [39]

my first public speech, which was a lecture here in Rome, at the Bankers Association. There, I came to the conclusion that in order to free European trade and to have a proper European economy we should have a common currency, and the common currency meant a common government, which was then considered to be quite amusing as a kind of dream or a piece of logic with only a slight connection with reality. I remember that I believed in it, as I still do. I still haven't seen the common currency and the common government, but some progress has been made.

WILSON: By 1980 perhaps.

MALAGODI: Well, I hope to be still alive.

WILSON: Well, thank you very much.

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