

EUROPEAN RECOVERY PROGRAM

Interview With

GIUSEPPE PELLA

Rome, Italy
August 13, 1964

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

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EUROPEAN RECOVERY PROGRAM INTERVIEW TRANSCRIPTS

NOTICE

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European Recovery Program Interview

Statement By:

GIUSEPPE PELLA

Rome, Italy
August 13, 1964

This statement consists of written answers to questions that would have been used had former Prime Minister Pella consented to a tape recorded interview.

Mr. Pella was reluctant to have me use the tape recorder since he was concerned about the accuracy of his English. He said he would prefer to dictate the replies to my questions rather than to talk before a recorder. For this reason he sent me his answers three months after my interview in Rome. I have edited them very slightly on account of his concern for his use of English.

Mr. Pella was an Italian economist and politician;

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born in 1902.

Founder and first President of Catholic Organization for Secondary School Students 1919; active in commercial finance until 1939; participated in International Wool Conference 1932-39; Christian Democrat Deputy 1946-; Under Secretary of Finance 1946-47, Minister 1947-48; Minister of Treasury and ad interim Minister of Budget 1948-51, of Budget 1951-52, of Budget and Treasury 1952-54; Prime Minister, Minister for Foreign Affairs and Budget 1953-54; Deputy Prime Minister, Minister of Foreign Affairs 1957-58; a Governor of International Monetary Fund and Representative on OEEC; President Common Assembly, European Coal and Steel Community 1954-56; Minister of Foreign Affairs February 1959-February 1960; Minister of Budget July 1960-62. (*The International Who's Who* 1964-65, p. 845.)

DR. PHILIP C. BROOKS: Was the European Recovery proposal in General Marshall's speech of June 5,

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1947, a surprise to you? Did you expect Italy to be included?

GIUSEPPE PELLA: Undoubtedly this was a happy surprise The grand American plan demonstrating the generosity of the people of the United States constituted, at the same time, the expression of an exigency of solidarity in the interest of all the free world. There was never any doubt on the Italian side that Italy had to be understood; instead I remember the fierce opposition of the Social Communists against the Marshall Plan, considered as a form of enslavement of Europe to America.

BROOKS: What did you consider to be Italy's greatest need in 1947 -- coal, food, power, transport, development of its own industry, trade with other European countries, or something else?

PELLA: Only at the beginning Italy had also the

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necessity of consumption products. Afterwards, the aid assigned to Italy was completely used for investment plans in industry, in agriculture, in tourism, in public works, and in other. economic sectors. Such investments were essential for the Italian reconstruction and economical expansion.

BROOKS: Did you consider the Marshall Plan one of economic warfare against the Communists, or entirely a constructive recovery plan?

PELLA: For the leaders of the Italian political spheres the Marshall Plan was immediately considered as a potential contribution to the reconstruction and an irreplaceable instrument against communism. To fight poverty and misery is always a very efficient way against communism.

BROOKS: Did you think that UNRRA had done its job?

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What was the greatest difference between the programs of UNRRA and of the Marshall Plan?

PELLA: The UNRRA had surely acquitted its functions in a remarkable manner. But the UNRRA had, more than anything else, the object of saving the European population from starvation, supplying the essential goods of consumption; with the Marshall Plan we decidedly entered on a more extensive policy of investments, thus determining major possibilities of revenue and employment. This is certainly due to the Marshall aid during the period 1948-52, if in Italy could be launched such a basis of adequate steadiness to produce a prodigious economic expansion, in which during the decade of the 1950s and after the increase of the real revenue in Italy was an average of 5.5 percent per annum.

BROOKS: What were Italy's greatest assets in the

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rebuilding of her economy -- manpower, hydro-electric power, or some other?

PELLA: The beneficial effects of the ERP in Italy were diffused in many economic sectors, already mentioned in the preceding second answer. I would like to underline the particular impulse given to the absorption of a major quantity of hand labor, thus contributing directly and indirectly, in a short and long term, to reduce the plague of total and partial unemployment.

BROOKS: Did the Italians think that Great Britain, France, the United States, or any other power was taking too much leadership in the planning of the ERP?

PELLA: No comment.

BROOKS: Did Italy feel that it was fairly considered in the work of the Franks Committee that determined

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the needs of various countries in the summer of 1947 at Paris?

PELLA: The inconvenience of the ERP formula for Italy was derived from the fact that the help was commensurate to the gap of the balance of payments. Italy from 1948 on had developed a policy of decrease of the deficit in the balance of payments. In this it received less help than what she could have had if it had been done as in other countries, which with a view of having more ERP aid, gave the impression of a policy of gap dollar swelling.

BROOKS: Was it a surprise to you that Russia did not join the ERP? Do you think it should have been invited? How did the Russian withdrawal affect the working of the program?

PELLA: In view of the anti-Communist function of the ERP, there was no surprise of the nonparticipation

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of Russia to the Plan. The presence of Russia would have weakened the efficiency of the Plan itself.

BROOKS: What was the attitude of Italy toward Germany in 1946-47? Did Italy favor the re-establishment of German industry?

PELLA: Since the beginning of the postwar period, Italy had adopted a friendly attitude toward the new Democratic Germany. In various circumstances it did not fail to ease the resumption of the German industry.

BROOKS: Were there different points of view toward American aid on the part of various groups within Italy -- labor, industry, agriculture, or other?

PELLA: Undoubtedly the various Italian "Economic Groups" attempted to obtain, each one for

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itself, the maximum share of internal division of the American help. The distribution of the help was, however, sufficiently balanced.

BROOKS: Did you think, or hope, in 1947 that the European Recovery Program would lead to economic union? Did you think it would lead to a common market, or to political union?

PELLA: Personally, from the start of the ERP realization, I retained the hope that the ERP would largely ease the European cooperation. In fact, the aid to Europe was distributed through various countries through the OEEC organization, thus expressing a first important effort of European cooperation. In the OEEC it was realized then the liberalism of exchange and the European union of payments. Both constituted the basis of the Common Market and of the convertibility of money. As regards the political union, today

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we cannot but express more than a fervid and confident wish.

BROOKS: Did you think that economic cooperation among the European countries was really possible? In other words, did you think that the Marshall Plan would really work?

PELLA: Personally I never had any doubt as to the efficient operation of the Marshall Plan and of its positive repercussions in the development of the European economic collaboration.

BROOKS: Would you, at that time, have favored having all assistance programs put under the United Nations? Would that have made cooperation among countries any easier?

PELLA: I think that it would have not been useful to place the ERP aid program in the vast frame of the United Nations. I am afraid that most

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of the aid would have volatilized in numerous streams. Although it was essential to strengthen economically the noncommitted countries, this was also necessary in the first place for the group of the free occidental countries.

BROOKS: Do you have special recollections of the personalities of leading figures in the events of those days, of incidents involving them -- President Truman, Bevin, Bidault, Molotov, Franks, Ambassador Dunn, Ambassador Harriman, or others?

PELLA: I would like to remember many eminent political American men who have given their uncomparable contribution in the realization of the Plan. Besides President Truman, I wish to recall to your minds the long, hard work undertaken by Paul Hoffman, Ambassador Harriman, Ambassador Zellerbach, Minister Dayton, as well as the

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various ambassadors who directed the American Embassy in Italy during that period.

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