

Oral History Interview with

BARON JEAN-CHARLES SNOY

During the years of the Truman administration, was president of the Benelux Council, 1946-48; and chairman of the Council of the OEEC (Organization for European Economic Cooperation), 1948-50; and of Steering Board for Trade, OEEC, 1952.

Brussels, Belgium

June 24, 1970

by Theodore A. Wilson, University of Kansas

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with

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WILSON: I realize this is a very busy time for you.

SNOY: Yes indeed. I have only a little spare time, because we are involved in a lot of parliamentary debates.

WILSON: Also there are some matters that are very closely associated with the events of 1945-53, the Common Market, and British negotiations for the Common Market.

SNOY: Yes.

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WILSON: I'm particularly interested because of the comments that you've made in these interviews about the necessity for trade liberalization in the period. I'm particularly interested in having you comment on the American support for trade liberalization in the period.

SNOY: Well, beginning in the immediate postwar period the American policy of trade liberalization was, I think, very steady and very profitable for the world. In fact, I had, myself, the experience of living in the United States when the Hawley-Smoot tariff act was enacted. I had even in my doctoral thesis studied the flexible tariff. I, of course, know about the solidity of American protectionist tradition, and it was really a great fortune, a good fortune for the world, to have, immediately after 1945, an American policy that constantly strived towards liberalization of trade. We had it in the Havana Charter; we had it, of course, at Bretton Woods in the constitution of the Monetary Fund; and, we had it in the GATT, when it was accepted in Geneva. Also, the Americans were very open-minded about what was necessary from the point

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of view of regional liberalization, even with certain preferential flavor. You will remember that when we tried to go ahead in OEEC [Organization for European Economic Cooperation], liberalizing trade and solving the balance of payments problems through our special multilateral payments system, the European Payments Union, there was a certain discrimination in favor of European intra-trade. Our American friends were quite understanding, and they didn't react too much because they understood that it was impossible to start without an effort to take risks, which were limited. I think that this was a very wise policy that was followed; it came to an end in 1959-60 when we went to true convertibility. In fact, all the liberalized sectors in intra-OEEC trade were opened to the Americans.

WILSON: Would it be correct to say that there was some difference between the Department of State and ECA [Economic Cooperation Administration]?

SNOY: Sure there was. But in fact, the Department of

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State was able to carry this very large view of policy which really was a foundation for the prosperity of the world.

WILSON: What about the other side of American trade policy, that is, the discriminatory tariffs against European imports?

SNOY: Well, the other side of American policy, of course, is always to a certain extent a reflection of the old isolationist tradition. When you have the "buy American act," when you have the American ceiling price, and when you have the very important sanitary rules for import of goods in the United States, these are, of course, very important ways of carrying out protectionist policy. We have gone far with the Kennedy Round. In fact, we are missing the target now, because the next steps to get rid of all non-tariff obstacles to trade seem to be very difficult to reach.

WILSON: Would it be correct to say that the ECA representatives in Europe were understanding and perhaps

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embarrassed somewhat by what was being done?

SNOY: I would say that they were very, very open-minded people, in there. I have always been impressed by the leadership they gave to our efforts to enlarge trade currents and financial currents.

WILSON: This was one of the efforts that Paul Hoffman and Averell Harriman made, which was to expand exports into the United States.

SNOY: With Hoffman and Harriman and all of these great leaders we had, I think we made good work.

WILSON: I'm not sure you recall, but I've read that material about this mission the Commerce Department sent over -- the Wayne-Taylor Mission in 1949 -- to try to investigate the problems that were imposed by the United States sanitary regulations. How much importance should one give to this?

SNOY: Let's say this is a little far away; I know the mission was extremely important, and we attached great importance to talking with them and to have

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an exchange of views. But it's a little remote and hard to know exactly where the mission began and where it ended, and how it fit in with the whole pattern of history. I would have to get back into many files to know about that.

WILSON: Well, your point's helpful.

One more question on this line. What about the effect of such legislation as the Battle Act, which you mentioned? This in a way was restrictive of European trade, in that it began to slow down East-West trade.

SNOY: I would say we have always found it a little theoretical, and we didn't feel that it made any kind of impact on Eastern policy. I don't know if it was worthwhile, and it has always been extremely difficult to avoid distortions of trade, which were very annoying for our traders, for importers and exporters.

WILSON: Did Belgium have a large trade with the Eastern bloc of countries in Eastern Europe before the war?

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SNOY: Oh yes. You will remember that the pattern of trade of Europe before the war of 1914 was extremely important with all of the Danubian basin, the Black Sea ports, and the Baltic.

After the First World War, it went down a little, but we had extremely important trade links with Poland, with Czechoslovakia, with Rumania, and with all the Balkan States. That was the normal, pattern of trade for Europe, and because of the Iron Curtain, to be kept from trading with the East meant disaster for a great number of firms in these countries. Natural geography had made the very narrow bonds of partnership with so many houses in the East of Europe. We have now trade with the East, which is very small in comparison with what it was in proportions of our trade fifty years ago. It has been reduced to a very little amount.

WILSON: That was a major reason, or explanation, for the dollar imbalance after the Second World War, because you had to import much more.

SNOY: Yes; it was a reason for imbalance.

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WILSON: As I study this complicated subject, I become more impressed by the idea that these problems go back to at least the First World War and perhaps beyond.

SNOY: Yes. You see, immediately after the First World War everybody was obliged to cut trade with the U.S.S.R., but there remained very important links of trade with all the Eastern countries which were at that time independent -- the Baltic States of Estonia, Lithuania, and Latvia, with Poland, Rumania, Bulgaria, Hungary, and Czechoslovakia. They were very important trading partners between the two world wars. Then we had the war events, and it was impossible to reestablish the normal geographical links with the outlets which, of course, were very large because the distances were not so great.

WILSON: Was it anticipated in the first two or three years after the war that these links would be re-established?

SNOY: You remember that before the "Prague coup,"

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Czechoslovakia was increasing again her economic relations with the West. There were quite a number of possibilities of trade through Sweden and through Austria. So it has been really a formidable change of the pattern of trade of Western Europe, to be unable to trade with these countries.

WILSON: Might one say that the first aims of Europeans were to reestablish that open system, perhaps a global system of trade and convertibility, that had been in effect before the First World War?

SNOY: Yes. Immediately after the war the idea was to reestablish everything to normalcy, and normalcy was the prewar pattern.

WILSON: Yes.

SNOY: That's another way of thinking about it. In fact, it was impossible and we had to build something completely different. Nobody realized that from the beginning.

WILSON: How important, in causing the necessity for

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change, was the feebleness of sterling as an international currency?

SNOY: Well, the feebleness of sterling has played a great role. In fact, you will remember that in 1947 the British, with American help, tried to reestablish convertibility. They had made a great move towards convertibility and it was a catastrophe. Then we were in the '47 negotiations, after Marshall's speech at Harvard, and we found in the American Marshall plan, and in our own cooperation system, the only way to get out of our troubles. Otherwise, everything would have broken up in Western Europe.

I think it has been, then, a constant effort to rebuild a pattern where you could have a multilateral payment system and a multilateral trade system as a means to get rid of the obstacles to trade which were the quantitative restrictions. This has been the work of OEEC up to a certain point. OEEC was able to tackle quantitative restrictions and payments difficulties, but not high

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tariffs. High tariffs were discussed in GATT [General Agreement on Trade and Tariffs] without great success, until the Kennedy Round. In the meantime, we took up the European integration system where we got trade entirely free between "the Six," for instance, and I hope with four others soon, without any kind of tariff restriction.

WILSON: Some of the other persons with whom I have talked have suggested that the British were opposed to certain ones of these measures, because they were still imbued with the mystique of sterling. That is, somehow sterling was a superior currency.

SNOY: They had been imbued with the mystique of sterling, but also with the Commonwealth mystique. When you did not have a complete convertibility for sterling, of course, it meant there was a preferential system by the payments possibilities inside the sterling area. That meant most of the Commonwealth. Now the Commonwealth has to a great extent faded

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away and the British remain with really remarkable production imperatives, but without large markets.

WILSON: I'm struck more and more by the extreme risks that were present at the time of the first OEEC meetings. Perhaps this isn't fully appreciated in the United States, that this was a very precarious matter.

SNOY: It was really the great risk for Western civilization in my lifetime. I think nobody realized how near we were from a complete catastrophe in Europe, in 1947 and '48.

WILSON: When you went to those first meetings, what sort of anticipation, what sort of belief did you have, that a cooperation could be achieved.

SNOY: You know, at the first meeting everything was concentrated on the idea of the "dollar gap" and the possibility for the Marshall plan of bridging the dollar gap. It was a very short-term feeling. Nobody realized immediately the importance of developing cooperation between the Europeans and

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the partners of OEEC for rebuilding a normal pattern of economic relations.

WILSON: So it was seen as a temporary expedient at the time.

SNOY: Everything in OEEC, I must say, was concentrated on Marshall aid and the division of aid during the first two years. A few experts were already working hard to get rid of trade and payments obstacles, and that was the most important task of OEEC after we were able to bridge the difficult period of the dollar gap.

WILSON: Did United States policy reflect this view at the beginning, that it was going to be temporary?

SNOY: Yes, the United States insisted, and they were quite right, about the necessity of European cooperation. They made there a major point of policy; for instance, you will remember that at the beginning everybody was lobbying in Washington to get the biggest possible share in Marshall aid. Then Hoffman and Harriman came and said, "Look here, if you don't

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divide aid between yourselves you don't get a penny, nobody." That was really "the stick" by which Europeans were forced to open their books to each other, and to find how they could help themselves.

WILSON: That's very interesting. I had, before I came to Europe, the belief that one of the questions that I'd ask most people was: What difficulties did the annual appropriations cause? I had assumed that they would say many difficulties, but the answer has been, "No, they served as a goad because we knew then we had deadlines to meet."

SNOY: The deadlines were good.

WILSON: So this was a way of forcing cooperation?

SNOY: Yes. I agree.

WILSON: I'm particularly interested in the kind of views, understanding, you had here in Europe about the domestic problems in the United States that would result in particular kinds of legislation.

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Because of your background, your study of the flexible tariff and the Hawley-Smoot tariff, you are well aware of this. But how well-informed were you in Europe?

SNOY: Well, we were quite well-informed because we had quite a number of missions going to Washington. I was, myself, there in January 1949, at the hearings of the congressional committees. We were meeting with the Senators. In fact, I think we spent three weeks in Washington in January '49, meeting Congressmen. The next year I went again, and I think we had very direct contacts, not only with the administration, but with the Senate and House.

WILSON: Were the questions put to you, precise and useful?

SNOY: Very precise. Sometimes they reflected little knowledge about what was going on in Europe, but people were open-minded and they listened, so we had very fruitful conversations.

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WILSON: What about the other side, the numerous congressional delegations that came to Europe?

SNOY: Quite a number of congressional missions came here. A great number of exchanges of views took place between the Americans and the Europeans responsible for the program. I think it was very well-managed. I think nothing in history was as well managed as the Marshall plan.

WILSON: How would you explain that? Was it because of the need, because of the people who were in it?

SNOY: I think it was because, really, you had on both sides the best man on the spot. I always am very interested when I'm meeting people in Europe, or in America, who have made a great success of their careers, to hear them often all say, "Oh, yes, we were in the Marshall plan," or, "We were in OEEC." I must say that the situation of the West in '48 was so grave that everybody in every country sent his best people to OEEC and to ECA.

WILSON: I have that impression.

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Were you just delegated to attend as...

SNOY: You see, I was at that time in public office. I was Permanent Under Secretary of the Ministry of Economic Affairs, so I was in charge of the Belgian rehabilitation. At the same time, we had, with the Benelux partners, started our economic union where I was the principal responsible on the side of the civil servants in Belgium. When Monsieur Spaak, who was Foreign Minister at that time, wanted to have an alternate nominated, he took me as the alternate delegate for the Marshall plan. It was just because I was in the center of civil service responsibility on all economic matters.

WILSON: So you continued your interest in these international organizations, and activities, as well as coming back to service in Belgium as...

SNOY: I have always retained my national responsibilities, but in fact, as chairman of the Council and later as chairman of the Steering Board for Trade, I had to go a certain number of days every month to

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Paris. Yet, the seat of my activities remained here.

WILSON: I have the impression that very many of the people with whom you deal here in Europe have come out of the same background.

SNOY: Yes; many of them have.

WILSON: Would it be fair to suggest that there has arisen a kind of internationalist sentiment because of the experience, or at least in part because of this?

SNOY: I think it is very important because the personal links between all the people who were working together were extremely good. They had a kind of common educational background; they had been formed by economic disciplines in the States, in Europe, and in the United Kingdom. Everybody had the same philosophy; they knew about Keynes. Everybody was influenced by a common background, and that helped a great deal.

WILSON: This is a question which may be too vague for

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you to answer. Has the experience of those who worked in the OEEC been helpful to their careers? When they come back to...

SNOY: Yes, because in fact everybody knew that the people who had served there were selected as the best.

WILSON: Yes. Yes, very good. Very good.

Well, I don't want to take up too much of your time. This has been very interesting. I appreciate this.

SNOY: Thank you.

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