

EUROPEAN RECOVERY PROGRAM

Interview With

LORD OLIVER FRANKS

Oxford, England

June 27, 1964

by Prof. David McLellan

University of California at Riverside

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European Recovery Program Interview Transcripts

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By Prof. David McLellan, University of California at Riverside

Franks discussed the general character of the period from 1947 forward in general terms before lunch. He expressed the view that what was done during the 1947-1952 period set the pattern for the succeeding decade. Only now are the lines changing everywhere. A period within an era is coming to an end and a new period has begun. This new period is marked by the independent courses embarked upon by France, China, and many of the lesser members of both blocs.

(--McLellan)

LORD OLIVER FRANKS: I first met Acheson in 1943 as a member of the British delegation to the

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Atlantic City Conference. We next met at the Montreal Conference (?--McL) in 194(?)
(--McL).*

I came over again in the fall of 1947 to explain and justify the Paris Conference Plan drawn up by the Europeans in response to the Marshall proposal. I then came over as ambassador in May, 1948. I saw a good deal of Dean socially during 1948. Within a year, Dean was in as Secretary of State.

During the summer of 1947 I was chairman of the Paris Conference charged with drawing up a unified economic plan for European recovery. From July to mid-September we sat in Paris. I was also head of the British delegation. But the dual role explains my interest in getting to know all the delegations. I led over the delegations of all the standing committees, and we all had to tell one story, which we did.

*Lord Franks was perhaps referring to the FAO Conference in Montreal in 1944, or less likely the Quebec Conference in 1943.
- P.C.B.

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PROF. DAVID MCLELLAN: What was the background to Bevin's prompt reaction to the Marshall Plan?

FRANKS: Based on a great many conversations with Bevin, I do not believe that he had any specific advanced warning. At the time, Bevin was worried about a great number of things. He was anxious about the incipient state of collapse on the continent; he was worried about the limited capacities of Great Britain to cope; and he was worried whether the United States was going to come in. He was living with the memory of America's fatal repudiation of Wilson in 1919.

He got the gist of Marshall's speech over BBC at breakfast. My God, he more or less reacted, the Secretary of State is saying these things about the Eastern Atlantic, what an occasion. Bevin grabbed it with both hands. He wasn't grabbing hold of it simply for

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economic reasons or for anti-Russian reasons. He was grabbing hold of something which was the whole interest of the United States and of the rest of the world. Bevin suddenly saw a hand stretched across the water.

His total state of mind was receptive to the offer. Like a light shining out of nowhere in a dark night, you try to keep the switch from turning out. The chance suddenly opened up.

Of course there had been rumors and conjectures, but not the actual offer.

I met Herter in the Crillon Bar in late summer. We had a long talk. Then on the boat coming over to America, Herter got me to come and talk to the Congressmen more than once. They were like school sessions.

There was no profound integrationist sentiment associated with ERP in the summer or

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fall of 1948*. A gentle insistence emanated in the summer and fall of 1948 from the State Department: Was O.E.E.C. to last for the period of E.R.P. only, or was it a continuing body? To make it a continuing body, the United States was interested in continuing cooperation. But no specific view of a political set up in terms of which they (State) wanted it was ever expressed.

All that was asked for in '47-'48 was what Western Europe wanted, not just specific countries. General needs presented in Western European terms. The elements making for unity were there from the start.

My contacts at Paris in summer of '47 were with Will Clayton, Lew Douglas, and Jeff Caffery. The Confer. Steering Committee met with these three on at least three occasions.

*He must have meant to say 1947, as that is when Herter was in Europe. - P.C.B.

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In analyzing Acheson's attitude toward European aid before he left as Under Secretary and after he came back as Secretary, I would say that Acheson was thinking that the only large reservoir of free machinery and material is in North America; Europe is bankrupt and unable to master its problems; the world wide interest of the United States in European recovery was what was seen by Acheson.

Hoffman was a missionary with driving capacity. What Paul Hoffman meant by European unity (thinking out loud here -- McL.) was an unimpeded European flow. A flow of men, goods, money (currency and capital) unimpeded by man-made quotas and restrictions. An economy like that of the American domestic economy. He feared the setting up of nationalist economic blocs as occurred between wars. Paul Hoffman was not thinking in political

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and federal terms when he called for European integration; except that he wanted a new European unit which would break with the way in which Europe had conducted its affairs in the interwar years.

One problem all the way through which Acheson (and Bissell, too) understood and which Hoffman didn't, was that all the countries in Europe were identical in one sense but that Britain (the English) was different in another sense. By that I mean the British _____*was the exchange currency for a host of extra European countries--Egypt, India, etc.--Hoffman's concept too inadequate in the currency sense. So a three way dialogue went on among Hoffman, Dean, and myself in which Hoffman never really understood or believed this crucial difference.

You must remember that from the British point of view, the benefits of the British loan

*He must have been referring to the British pound.

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had been nil. It went right through London to the Commonwealth and Sterling area. Hoffman only accustomed to working with the United States domestic market concept.

Acheson didn't want to scrap or harm (weaken) the Sterling area. He knew that the United States couldn't afford to tear this unrent fabric of free world into shreds. British balance of payments was the balance of payments and reserve of the whole Sterling area rolled into one.

MCLELLAN: What about British devaluation in 1949?

FRANKS: The issue quite apart from the actual confrontation in Washington in late September was not that the United Kingdom had to devalue; it had no choice. The issue was whether it would do it with the blessing and active help of the U.S.A. It was a matter of all Sterling

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area countries, and therefore a very, very grave and major operation. Also a matter of the _____* and the dollar. While Acheson and Douglas knew that Britain had to devalue, and that it was a world wide situation which could easily go sour, others in the United States Government did not.

Snyder and especially his doctrinaire and orthodox assistant secretary, whose name escapes me, did not. Not that Snyder wasn't always sympathetic to the British position and personally friendly towards me, but he viewed the United Kingdom as upsetting the applecart in this case and wanted as little as possible to do with it. Acheson took the point of view that if it must be done, then we had better all be in it together. Nevertheless, when the British delegation arrived, the U.S. delegation sat around grave, but not saying a word. They

*He probably meant either "the pound and the dollar," or "the value of the dollar." - P.C.B.

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persisted in this course until we British made up our minds what to do. Once we had made our decision, the dam broke, so to speak, and a whole lot of other joint decisions flowed naturally.

Remember, the quantum (amount by which the pound was to be devalued) had not been decided when the British arrived. The fact that we had to devalue had been decided and fully charged (?), but the quantum had not been decided, and that is, in many ways, a decision as crucial as the devaluation decision itself.

No American ever suggested by how much. The British delegation had to make its own decision on the quantum. United States stood by ready to extend a helping hand in a decent and friendly fashion.

MCLELLAN: What about the importance of John Snyder?

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FRANKS: Snyder always had to be brought along. You couldn't expect any decision in the currency and exchange field to be made without the approval of John Snyder. Snyder was always personally kindly towards me and never in any sense unkindly to the United Kingdom. Snyder was cautious and he was not always at the big canvas of the world. Other people might have said that he was timid; I don't think so, I think he was quite courageous, but he was always looking at the smaller canvas.

MCLELLAN: What about the bicker in the fall and winter of 1949-1950 over the European Payments Union and over Spaak's candidacy for the Chairmanship of the O.E.E.C.?

FRANKS: One element of the picture (and not a very important one) was that of a Labor Government in power with a Socialist philosophy. How far,

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the Laborites were bound to ask, would freeing up everything as Hoffman and Spaak's desire represent going back to a Capitalist system. Bevin was not a theoretical Socialist. But taking the Government as a whole (e.g., types like Sir Stafford Cripps), one wouldn't neglect the influence of this ideological factor. Spaak could afford to be for freeing up because it had worked in the case of Belgium. But Britain wasn't Belgium.

The more important element in British skepticism about O.E.E.C. and freeing up currency exchange, trade, etc., goes back to British experience with the loan we got in 1946. What had gone wrong with that loan, where had it gone? When we got it, Dalton had said, "Now we're going to honor our commitments." Gold and dollars flowed out to Belgium, Argentina, and a score of countries to whom Britain owed war incurred trading debts. That

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experiment in freeing up trade and currency had been disastrous for us. Britain had almost gone bankrupt. Britain was worried as hell that if asked to go into E.P.U. and free up its currency, how soon and how quickly would it be bankrupt and forced to devalue again. The United Kingdom was caught. Great strides in liberalizing meant taking ventures which you couldn't know whether

Britain could stand or not. People in London were nervous. The United Kingdom, unlike Belgium, is a world economic power which was threatened with being driven into a European situation whose imperatives were not entirely compatible with Britain's obligations as a world economic power.

Spaak was the symbol of the importance which Europeans and Americans attach to the Secretariat of O.E.E.C. He was also viewed as standing for the realization of Hoffman's mission.

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You will now excuse what I have to say. I am going to give my little lecturette. The United States President is the repository of all of George III's powers--Commander-in-Chief, administrative executive in a real sense, etc., Chief of State--except that he is elected. You have an elective monarchy renewed every four years. We have preserved the monarchy, but keep many of the real powers associated with the Cabinet as a committee of the whole house. (He went so fast and was so diverting here that I'm afraid I missed the analogy, but he went on as follows. - McL.) As a result of its experience with a strong executive, the United States always favors setting up a strong Secretariat with its own powers. Americans see a Secretariat as a policy committee where policy is pronounced upon, if not made outright.

The British view of a Secretariat does not

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distinguish between policy and execution. The Secretariat does not do either. It prepares an agenda, records proceedings, writes up the minutes, and has no power at all. Actually, it has no power, but great influence. The Secretariats of all Commonwealth countries and bodies are secretaries and not executors.

Now the O.E.E.C., as set up originally, was not far from the British model; America wanted a United States style executive for O.E.E.C., but they didn't get it. The O.E.E.C. Secretary was deliberately viewed as an officer with a limited but influential competency. Spaak was a big fish. If he was appointed Secretary of O.E.E.C., you would automatically begin to create an American style executive in the office. Britain preferred power to reside in the council of members. That is why we opposed Spaak's candidacy.

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Origins of the North Atlantic Treaty

Bevin had been sniffing around for a closer United States association, getting nowhere. The Berlin blockade unloosed everything. It created a new urgency enabling the United States to take new initiatives. Lovett prompted this initiative which found expression in the Vandenberg Resolution.

I was worried about getting a treaty at all, and I was especially worried about getting the commitment of all for one in case of aggression.

I participated with the other ambassadors in the drafting, first with Lovett, and then with Acheson. The drafting was secondary, once it was agreed and understood about the principle of automatic obligation.

The flurry over the Treaty precipitated by Connally and Vandenberg soon died down and

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they came around. We undertook a bit of redrafting to ease the constitutional sensibilities of the Congress, but did not alter it substantially in spite of their flurry.

I talked with Taft a good deal at this time. He was an intelligent man, rather progressive on domestic matters, a nice man to talk to. He was simply an isolationist of the 1919 Lodge species. He simply felt that it was all wrong for the United States to get mixed up in international responsibilities. He wanted desperately for the United States to resume its normal destiny, free of world entanglements.

(Note: Franks acknowledged that Acheson must have known that the NATO could only develop beyond a guarantee pact if the United States committed forces to the defense of Europe. "The British would have been worried about being asked to put additional troops on the continent of

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Europe without the United States accepting the obligation to do the same." - McL.)

MCLELLAN: What were the circumstances in which German rearmament unfolded?

FRANKS: Louis Johnson leaked it in the summer of 1950. That was an important political event because the State Department had been denying all along that it was even considering it. Johnson's was an individual act, but actually confirmed what was sensed or known unofficially all along.

Acheson's announcement of the decision to rearm German soldiers was the first time in my life that I ever saw Bevin worried about whether Attlee would back him or not. All Britains were bound to ask themselves: What has this fifty years been about, if we are now to rearm the Germans. There was no question in

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Bevin's mind about the virtue of the proposal; the uncertainty lay about the political viability of the idea in Britain. Bevin damn well wasn't going to make that decision on his own. It just shows you that even the strongest Foreign Minister must consult his Prime Minister when a really sticky decision is at stake.

The decision to rearm Germany was obviously taken against the background of uncertainty whether the Soviets intended to let the war in Korea be the prelude to general hostilities. The United States and the United Kingdom had been caught in Berlin and now in Korea. Bradley was drawing (or had drawn) up a list of what was required militarily for a first line defense of Europe (East of the Rhine). This left no doubt in anyone's mind that German rearmament was an absolute necessity.

German rearmament was one of the few

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occasions when the United States Government reached a decision and felt that it had to make it prevail. You simply could not set up a viable military defense of Western Europe without the Germans.

Acheson got what he wanted because he was a man of many talents.

(Franks pleaded his remoteness from the day-to-day development of NATO to speak with any clear recollection or authority. - McL)

I believe that EDC was cooked up as a premature or advance installment on the political unity of Europe. It had strong political overtones (I guess he meant here that it was designed as much to take advantage of and serve the long run commitment of the 3rd force in France to some form of European union.) EDC became a hot item after Ike went to SHAPE. It was as much the French and Ike who cooked it up, just as it

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was the French who turned it down. I have the distinct impression that after Ike got to Paris he and David Bruce and others with an integrationist philosophy dressed it up. You are quite right that Acheson was skeptical about all this.

Acheson has profound instincts about the deep rootedness of nationalism. He sat back for a time and wondered. Not that he didn't want to go in that direction (of EDC - McL.), but he felt that if you went too fast, you might undo what you were seeking to accomplish. This proved true of EDC. It is my subjective opinion that the Pleven Plan was very rapidly blown up and hadn't really gotten firm political foundations. Acheson didn't want it blown up. But once he was that that was all he had to go with, he accepted it.

MCLELLAN: What was your opinion of the Truman-Acheson

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China policy in the year before the Korean War? What were the circumstances under which Britain recognized and the United States did not?

FRANKS: Let me begin by saying that Bevin was quite clear that Russia and Red China were bound to fall out some day. (Why? - McL.) At a meeting which Bevin attended with Bidault and Molotov at the Paris Conference in July 1947, Molotov remarked to Bevin, "When I go to China, my face is white." That remark stuck with Bevin.

On more solid grounds, Bevin thought that there was no point in not recognizing something that was there. Acheson certainly felt that it was unfortunate and a mistake for the United Kingdom to go recognizing Peiping instead of concerting with the United States. But he recognized "What could you do."

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What Acheson wanted was time to allow his own and American policy towards Red China to develop. He had no clear view of where he wanted to go; he only knew that he needed time. His speech on the West Coast in the Spring of 1950 showed a mind open, rather than closed, to possibilities. He was saying in effect: "Here's a subject on which we ought to go on thinking about." He was not saying we've made up our minds. He did not believe the United States had a policy ready made for the new situation in China.

MCLELLAN: Korea?

FRANKS: Britain thought that resistance to aggression in Korea was right. In spite of having her own forces strung out all over the globe, Britain backed the United States soundly. We accepted that it was not a local episode. But

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we were anxious not to have it develop into a general war.

We also recognized that the U.N. Command in Korea had to have a certain freedom of action. The only big issue to which Britain objected was that of bombing across the Yalu.

As far as crossing the 38th Parallel is concerned, we believed that if you stopped there, there was no guarantee that they wouldn't be back tomorrow. The British, like your people in Washington, did not want Korea to develop into a major war. But what we also wanted was as complete a vindication of the United States-United Kingdom effort there as was feasible.

We did not perceive the crossing of the 38th Parallel or the later November offensive as installments of MacArthurism. Everybody thought the war was going well. MacArthur was in the process of ending the whole thing.

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If he was going beyond the limits set for him, was it all that bad? That was the prevalent British view.

You ask why Acheson or Truman failed to interdict MacArthur's final fatal offensive between October 24 and mid-November. Events moved quickly. MacArthur was a very distinguished general. No one really thought the Chinese would come in--I shouldn't say no one, but really one didn't consider it likely. MacArthur certainly wasn't thinking of the likelihood (I suppose meaning "or else he wouldn't have been so confident in his prognostication of victory").

(Note: I broke off policy questions here and turned to personalities--Truman and Acheson. McL.)

When one puts aside all the domestic nonsense--mink coats, corruption among tax collectors, etc.--mere trivia--what stands out beyond doubt

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is that in foreign affairs Truman never made a wrong decision. Not only that, but he had a remarkable capability of decision. Where he got it, I can only conjecture from a sense of history, uncomplicated by prejudices.

President Truman is a rather simple and uncomplicated man who made all the right decisions, as far as I can tell.

Acheson is considerably different. He combines an 18th century style of personal taste with the moral conscience and austerity of a 17th century puritan. I don't mean that he doesn't drink and enjoy good living, but his life is austere. His life at home in Georgetown is far from ostentatious, and life on the Sandy Spring's farm is downright austere. He takes pride in doing hard, pioneering things. His cabinet making and gardening. You never allow oneself to forget the New England roots

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out of which it is all done. He is profoundly American in this regard.

Acheson is quite the most remarkable man I have known intimately, and I suppose Hume Wrong and I have known him as intimately as any two men in Washington. One of the most remarkable types.

Two qualities are at war in Acheson. The historical sense which he shares with Truman, and the lawyer's skill at creating the case which he must argue. His sheer lucidness could be overwhelming and could take him out of the context in which he was arguing.

Acheson also takes pride in doing hard, pioneering things. He never allows himself to forget the New England roots out of which it is all done. Acheson combines an 18th century quality of living with a high degree of personal austerity. He lives simply in Georgetown and

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even more so at Sandy Springs.

He has a quite astounding loyalty to friends. This is also true of Truman.

Acheson got along very well with a band of gentlemen Senators with whom he had dealings as Assistant Secretary of State for Congressional relations--Vandenberg and Connally, Ball, etc.,--like himself, they were gentlemen. They had a code. Besides, they were steeped in the ways of a style of political behavior which had come down from the 18th century. They talked an 18th century language. This made it natural and easy for Dean to get along.

Acheson's loyalty to Truman was based upon the same remarkable historical sense, the same moral fiber, the same lofty view of American (as God in the world), and an absolutely unswerving capability of decision. When you remove

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all the localized trivia--mink coats, and petty corruption--which claimed so many headlines--you find that Truman wasn't wrong on anything he did in foreign affairs. I know this sounds exaggerated, but it's true. Truman had a profound belief in the destiny of the U.S.A. and it made it simple and straight for him to be the expression of that destiny in his decision.

I believe in my country too, and he believed in his. That's why we got along. The same was true of Hume Wrong, the Canadian Ambassador. We could disagree with Truman, but neither he nor we ever felt less than respect for each other.

Acheson is incapable of entertaining intellectual shoddiness with patience. He lacks the indispensable political gift (for a long run political career) of believing that every argument has an equally legitimate

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intellectual background. That gift just wasn't given to Acheson. He could not tolerate entertaining trivial ideas or reasoning, however well meant, as worthy of respect. And when he chose to say what he was thinking, the words wounded and were neither forgotten nor forgiven. His unwillingness to show deference to every piece of nonsense a Senator or Congressman chose to utter was complete.

Undoubtedly, Hume Wrong and I have been close to Dean and heard him say more things frankly than any other two people.

He is not at all an English or British type. He is a pure American type of a rather rare species. He is imbued by a love of cabinet making and gardening, never forgetting and ever going back to the roots from which it all sprung.

Holmes is his intellectual mentor with

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his pragmatism and skepticism.

Acheson had a very powerful moral character, after all he did not break even though scarred by the attacks.

He combines an 18th century style of personal tastes with the moral conscience and austerity of a 17th century puritan. Remember by personal taste I don't mean that he drank or all that, but that he enjoyed intellectual conversation, wit, and tasteful living. He was reserved, too. Warm and engaging.

At the same time, he is imbued with a sense of obligation to moral imperatives.

Acheson is quite a remarkable creature. One of the most remarkable types of his time.

Being a gentleman is not a matter of who you are born, or of how much money or what class, but of the style in which you conduct your living. Of the kind of tastes and

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principles you live by. In this sense he had few comrades, really. That blending of moral austerity with a taste for good living is rare. His mind has a lucid, penetrating and compelling intellectual quality which can sweep all before it.

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