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Oral History Interview

with

NATHAN M. BECKER

Economic adviser, Coordinator of Information, Board of Economic Warfare, and U.S. Dept. of State, 1941-47; and economic adviser, General Staff U.S.-U.N. Forces, Korea, 1952-53.

New York, New York
January 19, 1973

by Richard D. McKinzie, Harry S. Truman Library

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MCKINZIE: Perhaps you could say something about the kind of training you had and what brought you originally into Government service? I guess that's a good place to start.

BECKER: That's a strange story itself. I'm an economist, of course, not a political scientist or historian, and I wrote my doctoral dissertation on the reform of the Chinese monetary system, of all things, and worked with one of the outstanding men in the field of Far Eastern economics, Carl [Dr. Charles Frederick] Remer, at Michigan. Even though I took my degree

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at Cincinnati, I did part of my work with Remer at Michigan. That was in '38 when I got my degree. It's hard to realize it, it's the 35th anniversary of that coming up in June.

But, well, with the war starting to roll forward, the summer before Pearl Harbor I had been called to Washington on two or three occasions in a very secretive fashion. All I knew was that Carl Remer was involved in it, but when I got there there were a few other people whom I had met and knew, who had been associated with Far Eastern affairs politically, sociologically, or otherwise, and they wanted comments on various matters.

They sort of plucked my brains (or what little brains I had at the time), for what it was worth, a day or two at a time. I might say, that while I knew this had something to do with the Executive Office of the President, no organization name was used. I wasn't supposed to know with whom I was talking or anything else. Carl had men-

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tioned the fact that they might want me to come down for a longer period of time and asked if I could get away. I was teaching then at the University of Toledo. "Well," I said, "I presume I could if the circumstances were appropriate."

So that fall, of '41, in early October--the semester had already started--I got a hurry-up call to come down to Washington again where they suggested that it would be nice if I could come down to help them for about six months. "Well," I said, "the semester has already started, this is a little tough on the university, but let me go back and see."

I went back and talked to Phil [Philip Curtis] Nash, who incidentally was a very active member of various international groups. Phil Nash was the president, and he said, in effect, "You've got a hell of a lot of nerve wanting to leave in October."

I said, "Well, I don't want to leave, I've

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been asked to come down."

He said, "Well, who wants you?"

And I said, "I don't know."

"Now," he said, "that's kind of strange."

I said, "Well, I know it has something to do with the Executive Office of the President, but beyond that I don't know and if I did know, I wouldn't be permitted to tell you."

He said, "That's the most outlandish thing." This was the day before we became accustomed to secrecy in such activities. So finally, he said--well, this had gone on for several days and he said, "I'll tell you what." He said, "If I get a call from the White House saying that they want you down there," he said, "I'll let you go regardless of the inconvenience." He thought that he had effectively killed the idea with that.

I called Washington and told them the story and Phil Nash called me a couple of hours later and said, "I got the call." He said, "Pack your

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bags." Within a day or two I got a telegram confirming the appointment and by the end of the month, October 30th, I was off.

What had been gathered there was a wholly new idea in a kind of intellectual detection, if you like, of scholarship. What this turned out to be, of course, was Bill Donovan's outfit, which was then called the Coordinator of Information, an innocuous title which included everything from what later became OSS and then the CIA, to the branches that were involved with the Office of War Information, and other things of that sort.

Well, actually what they were developing were some regional staffs and we worked for some months then trying to make up, really, for the shortage that we could obviously see in terms of our military and economic intelligence. I was in the Far Eastern group, and we had Bert Fahs and John Fairbank and Dirk Bodda, Ken (there I go, see, I've lost that last name now). Ken's

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wife wrote the well-known *Anna and the King of Siam*, Ken [Kenneth P.] Landon.

It's funny I couldn't--see, it does come back after a while. But there were a number of outstanding scholars there and there were some others of us as well.

But well before the six months were up, of course, Pearl Harbor came along. So the question of my returning after six months became academic. The university actually kept me on leave of absence for a number of years after that, and later terminated it at my request. I stayed with that organization for some time until, as a matter of fact, it was getting ready for a reorganization in the spring.

MCKINZIE: Still called the Office of Information or something?

BECKER: The Coordinator of Information. Right before it broke up into various constituent parts, I left and joined what became the Board of Economic

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Warfare.

MCKINZIE: With Henry Wallace?

BECKER: Yes. And worked in the Board of Economic Warfare. Most of my time, during the period of hostilities I was in charge of the Iberian section, part of the Blockade Division. We and our British cousins ran a joint operation in terms of the blockade of the neutral countries and in the negotiation of war trade agreements. We engaged in sub rosa activities as well as those that were not sub rosa. It involved preclusive purchasing, trying to get materials away from the enemy. And in Spain and Portugal this became a real rat race, in which we were all very much concerned (jointly with the British). I spent most of my time in Washington, but also overseas in Africa and Spain, Portugal, England, on some fieldwork and negotiations there.

In that work, of course, we also worked closely with a constituent branch of the State

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Department. And after a few years it's hard to imagine all the throes of organization and reorganization that were going on in Washington. I remember once coming back from Europe, touching neutral Ireland, and being informed by the Irish immigration officer that the name of my organization as shown on the passport was no longer valid because it had been changed yesterday. He got a great boot out of that.

Of course, the Irish were very good as neutrals, they let us do most anything that was reasonable. They let me pitch my confidential papers over the rail to the American consular officer who was waiting for me so it wouldn't have to go through inspection.

But at any rate, I left BEW and joined the State Department. At first, continuing the same work in a division which was technically--well, you know, the old State Department initial system, every division and office is known by its initials, this was "LA," Liberated Areas, or rather

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it became Liberated Areas, but part of it had been the group dealing with the neutrals as well, but merged with LA.

MCKINZIE: You know the old BEW, I guess, fell apart, because it didn't have much internal cohesion some way. Were you aware of that at the time?

BECKER: Oh, yes. In the old OEW, which preceded, the Office of Economic Warfare--and there was more than just a change of name there, because it was again constantly changing functions -- you had the Office of Exports and you had the Office of Imports, and their duties and interests were rather opposite to each other. "Imports" was primarily a matter of the rationing of transportation, or the stimulation of production in outlying regions of necessary war materials -- the Reconstruction Finance Corporation, for example, was the mother of dozens of organizations performing specific functions.

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One of these organizations, called the USCC, was the sister organization to the British one called UKCC. These were the buying agencies, and when we conducted preclusive operations in Spain these were always joint activities of the two corporations, acting under directions from the policymaking committees, the operating committees which met in Washington and London.

MCKINZIE: These would be the joint boards?

BECKER: These were not "boards" actually, these were joint committees. The Blockade Committee itself met in London, as did the NAVICERT Committee; but we had an equivalent organization in Washington, which met weekly, and which consisted of the British representatives from their various interested offices and the Board of Economic Warfare, or whatever its name happened to be, and the State Department. And then we'd agree in terms of our policy and coordinate it with the British, as well, in London. On several

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occasions, when I was in London, I attended the meetings of the regular parent committees in London.

Here's where you get a kind of conflict, because the policy was determined then in what was--in the Board of Economic Warfare, called the Blockade Division, which was part of the Office of Exports; whereas, the USCC functioned, really, under the administrative control of the Office of Imports, because many of its other functions were related to that office.

That in itself wasn't a great conflict, but the two offices were always sort of involved in rivalry. I know we had opposite numbers in the Office of Imports. I think they tended to think of themselves as the so-called more practical people and looked askance at some of the theoretical directives that came from the Blockade people, but I guess this was no more than the normal clash of knowledge, experience, and outlook. I don't admit for one moment that they were any

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more “practical,” but that was supposed to be their primary interest.

MCKINZIE: Did you think that the direction of Henry Wallace, who by that time was involved in it, had anything to do with that? Some of his critics have said that he wasn’t a very good administrator.

BECKER: I guess one would have to say that. I had a few personal contacts with him, and of course, I saw him often enough. He was an “awful” nice guy. I think he was made a fool of by a number of people later, but I never really can satisfy myself whether he was naive or just disinterested in certain things. But he represented a certain point of view, and I have no doubt that his lack of attention, let’s say to the details of administration, certainly contributed to the vagueness or the unclear lines of authority that sometimes existed. But then, I don’t know, all the people who knew FDR used to say that he did

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that on purpose, that this was a mark of his administrative genius or lack of it, whichever point of view you want to take.

There’s the kind of administrator who administers by looking at every detail and the kind who delegates authority, and the other kind who doesn’t really give a damn what happens as long as in some vague and general way they’re moving towards whatever goals they have established. I don’t know that any one kind of administration is superior to another, but--well, at the risk of something or other, I’d say that by in large I am always skeptical of an administrator who hasn’t done the kind of jobs that he’s supervising so that he knows what is involved, and I think that much of the conflict arises from this kind of situation.

I don’t think the details of my personal policy are of too much interest here, but as the war began to reach its climax and conclusion we began to shift around. So several of us, plus

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a couple of others, were drawn together then within the Department in this new staff that we spoke of before, in the Under Secretary for Economic Affairs’ office. The special assistant was C. Tyler Wood, and we were his supporting staff; Dal [Dallas W.] Dort, Dave Pursinger, and myself, and--who have I left out--Fred Preu. There were others who worked with us from other divisions of the Department and we called on their research people as we didn’t try to do all of the detail work.

MCKINZIE: Would you describe your function as planning for relief or just general postwar planning?

BECKER: Well, general postwar planning is too broad, because ours, in the first place, was strictly limited to the economic side and it certainly wasn’t restricted to relief. Relief, rehabilitation, a lot of quibbling took place about the meaning of those words and what was or was not intended or included; but certainly we were involved in

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almost any kind of economic planning that took place involving either liberated areas or the neutral countries, in their place, but primarily the areas that had been devastated in terms of the war. While our relationship was a very formal one as far as UNRRA was concerned (that is we were designated as the people who would represent the United States on the central committee and program subcommittee of UNRRA), we also functioned in a number of other respects.

I can't remember how many times I shuttled back and forth to the old World Fair grounds up here in New York from Washington when the early stages of the UN were operating, i.e. the various economic committees. Again, we were representing the American interests on many of these activities in their formative stages.

MCKINZIE: What general outlook did this group have that worked with Tyler Wood when they thought about the immediate postwar economic problems?

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Did they have the same view as Will [William L.] Clayton, that those problems were going to be only temporarily material problems and would thereafter be financial problems? Or do I misread even Will Clayton's view there?

BECKER: No, I don't think that's a misreading. I'm kind of pondering it a bit. Actually I think we represented a number of diverse views. It was a very effective group, really, when you stop to think of it in those terms, and from various kinds of backgrounds. The other young man in the outfit, Dave Persinger, was a permanent civil servant, one who had always been in the Government. Fred Preu was an old Government hand with a background in accounting and auditing. I was a professional economist who was in there temporarily to do something. Dal Dort was not a permanent person. I think he originally came from Michigan, had some auto family background there.

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Tyler Wood had been in the investment business and had come down to serve in various roles in the war and wound up in this particular place.

No, I'd say their views were rather diverse. That they would range over a fairly wide area, let's say, at least, of the center. I don't think there were any extreme views of the group, even though it wasn't long before Mr. McCarthy went around with his hand folded over a piece of paper that I suspect was blank. I only knew one person who had been subjected to the McCarthy harassment. He was one of the people in one of the research divisions. And incidentally, in speaking before about the Board of Economic Warfare, when that eventually became the Foreign Economic Administration, it was kind of a broad blanket thing and then began to break up with a lot of internal dissatisfaction. Many people felt that their intentions were not clear. In that reorganization, a couple of the research divisions had been moved almost bodily over to the

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State Department. They became added to that group, and I think it was one of those men who had at one time been accused of being a leftist of some sort. I know, only having heard about it much later, that after several years he did win--whether legal in the courts or in private settlement, I don't know--restitution and back salary from the Government. So, whatever the circumstances were I had never thought of him as being a leftist, let's put it that way.

Another incident comes to mind, not unrelated to the McCarthy era. During the UNRRA period there were, naturally, differences of fact and opinion on the needs of the various countries receiving aid. These questions were often complicated by fundamental questions or positions regarding the method of food distribution, crop collection, etc. Czechoslovakia was no exception. The political desk office for Czechoslovakia one day discussed an agricultural report from our

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Embassy in Prague with me at great length, and then asked if I would call in the Czech Commercial Attaché (who was also their UNRRA representative with whom I worked on many matters), and during the conversation I was to refer to the report, show him certain sections, and point out the major differences from the line of argument and fact being raised with our Ambassador by the Czechs.

I carried out the request and reported to the desk officer that the report had made quite an impression on my visitor (Schlesinger), who, incidentally, was thought by some of us to be more cooperative than some other Eastern representatives, and certainly not fixedly anti-American or anti-West. I was really shocked, a few days later, to see a copy of a cable from Ambassador Steinhardt to the Secretary (as all cables are addressed), which went well beyond the niceties of diplomatic language or even cablese. The message, in effect, asked what the hell did Becker mean by showing an Embassy report to the Czechs, especially one which

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might undermine his efforts to win friends and influence with them. Was this, he thundered, another case of an American official becoming too friendly with the "other side"? The language and implications were enough to make me pretty angry and would also certainly have given an entirely wrong picture to one of McCarthy's people. I was especially provoked since I was carrying out a request from the political side and they had assured me that the procedure had been adequately cleared for policy. Naturally, I complained bitterly to the political desk and wanted them to join me in an explanatory cable to the Ambassador. But the political officers urged me not to make such a reply through channels since such a cable might help to undermine the position of a man they considered to be one of their best men in Central Europe. He happened to have a short temper but they assured me also had a short memory for grudges. Rather than send a formal reply that might be used against him, and assured that

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he would be home for consultations in a few weeks anyway, I agreed to write a personal note to the Ambassador and then see him when he returned to Washington. After showing a copy to the desk officer, I sent off the letter.

Sure enough, a few weeks later the Ambassador was at the Department and asked me to come up to his temporary office. Obviously he had been briefed because he was very friendly, apologized for any discomfort his message had caused me, and we spent a very pleasant time discussing things of current and joint interest. He was a very able and hard-working diplomat. But the incident does illustrate in a very small way one part of the "tone" of Washington.

Steinhardt later served as our Ambassador to Canada and was unfortunately killed in an airplane crash; Schlesinger, in another small indication of times, returned to Prague when his tour of duty in Washington was over; shortly after his return the report came to us that he had committed

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suicide.

MCKINZIE: Did this group have anything to do, or were they aware of the negotiations that were going on with the British, particularly the British, about the establishment of a relief administration, and was your group involved then in the setting up of the machinery for this and would you tell me something about that?

BECKER: Yes, all of this, and also very closely related to all the lend-lease settlements.

MCKINZIE: The 3C settlement and all that?

BECKER: No, you see, when Henry Spaak came over with his group and then other groups came over to try to negotiate settlements of their lend-lease offsets. This is the kind of thing that we are just settling with the Russians now, presumably, which wasn't settled then. And these discussions were very closely related, obviously, to the kinds of programs that were going to be

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initiated to revive European industry and commerce. The United States was actively pushing the various joint activities, which I personally had very little to do with, the European Payments Union and that kind of thing; but these were all associated activities that had some affect on what we were doing, and obviously the proposals in terms of allocations of funds for various programs.

Then the Marshall plan began to operate. I am just trying to think of the effective date I left the Department. We finished our UNRRA role and finished a couple of other major things and as we were reorganizing to sort of function along new lines, I felt the time had come to leave. I had been offered another post, a very interesting one, as the American liaison officer with the Swedish Riksbank in Stockholm; but we had another baby coming along at the time, and we had been in Washington a long time and I felt

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it was time to shake the grime and dust off and -- I didn't get to shake it for as long as I thought I would,

but we did leave in '47, during the summer. I came back for 8 months to serve as an economic adviser on the general staff in Korea, at the Department of Army request, this was as a "volunteer."

That was a special kind of problem, but it raised many of the same issues in terms of the settlement of the financial arrangement between the two countries, the equivalent of lend-lease and reverse lend-lease. Much of my interest was in the problems of creating inflation in a country, which we were trying to help militarily. It foreshadowed almost all the problems we've had in Vietnam, yet no one seems to have opened the books on the records and experiences of Korea to apply them to Vietnam, which was rather strange. Maybe to you as a historian this isn't so strange.

MCKINZIE: I wonder if you could tell me something

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about the planning and your activity with UNRRA, your experience with all of that?

BECKER: Yes. We had two major functions. One was, as I said before, that we represented the United States on the actual committees. That meant, for example, sitting on the program subcommittee, which I often did. This was a general operation and policy responsibility during the year, sometimes meeting once a week, sometimes meeting five times a week. If we were allocating new programs it meant the whole detail of taking the available funds and deciding how they would be used in what categories, for what countries, what kinds of goods would be permitted, etc., within the framework of what had been established as proper. It also meant handling all the day to day problems that came up. The little agreements, and disagreements, the controversies, the program difficulties, watching the progress of programs. Then we also had the second function of administering the U.S. contribution to UNRRA. Again, this is

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perfectly clear to most people, but I might say it just for the record anyway, that we didn't contribute money, we allocated a certain amount of money to this program. UNRRA purchased, and it purchased against authorizations which we approved, and either purchased goods directly or it purchased through an American purchasing agency.

In other words, they used the General Services Administration, or the Department of Agriculture for some things, and on a few things they went out on the market and bought themselves.

I can also say one thing very facetiously here. In establishing our participation in UNRRA, the President was authorized to perform, in his executive function, all of the things required, which included the authorization of the use of the American contribution; and the President, by an Executive order turned this duty over to the Secretary of State. The Secretary of State,

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by departmental order, turned it over to the Under Secretary for Economic Affairs, and the Under Secretary of Economic Affairs, by his order, turned it over to me, and I couldn't find anybody else to

turn it over to so eventually most of the papers came across my desk.

Now this is kind of a terrible chore, because it meant--I really thought for a long time, you know, that after I left the Government I'd spend the next five years testifying before committees, "Did you sign such an authorization on February 2nd, and why?" Of all the things we've ever been questioned about this has never come up. I leave it to the fact that the Research and Procurement people had done such a good job that there weren't any questions, but I suspect that that isn't really so. But what this really meant is that UNRRA would come up with a batch of things, maybe involving a few million dollars at a time, and these papers would be carefully screened by our own technical people, and then eventually brought to the policy side for what really amounted

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to a pro forma signature. So that, while we did look at things and hope that we might catch something that was improper or just through neglect had slipped through, it isn't very often that we did. Occasionally we did see something that we didn't think was quite right, but by and large a gentleman named Mr. Koontz and his staff did an effective job of screening these things out very carefully and making sure--it's the same old story that you do with everything, every use of a dollar has to be one that would be approved by the General Accounting Office as having met the requirements of the authorization.

MCKINZIE: But then, of course, you had no control over what happened to that material after it was purchased?

BECKER: Again, not quite so. This was a constant fight, and because of the insistence of the American Congress, the practice developed which was carried forward later in ECA and other aid

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programs, that all goods leaving the United States, even if they were under the UNRRA program, had to be clearly marked, wherever possible, and in certain height letters, that they had come from the United States. It was the hand of friendship, but several Congressmen, for example, had once complained bitterly that they thought, "Well, here the United States is making 75 percent of the contribution to UNRRA and everybody else is getting the credit."

I remember specifically that one subcommittee coming back, in talking to us, said, "Well, you know, we were wrong. They don't think in those foreign countries that we gave 75 percent of the funds to UNRRA, they think we gave it all."

They were shocked to find that rather than the American contribution being played down that everybody just assumed that it was primarily an American program.

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Nevertheless, that still didn't prevent the kind of criticism in Congress, for good or other purposes--constantly needling on the grounds that we lost control, that goods were being diverted. There were

fantastic difficulties, of course, in the very limited and belated Chinese program, and this was not unrelated, of course, to the incipient, and then later actual, civil war, between the Kuomintang and the Reds. And obviously, I'm sure that if you ferreted out all reports that there were many, many instances of relief goods being diverted and misused in one form or another. There is always a lot of wastage or misapplication in such a program.

MCKINZIE: You had no real control over the staffing of the people who were determining tend use then?

BECKER: We did in this sense, that UNRRA had a mission in each country and this mission consisted of international, that is, UNRRA employees, what would be equivalent to UN today, and these in-

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cluded Americans. And I think that there were a number of very able Americans as well as able non-Americans involved. I think they did a pretty good job, and certainly they labored under difficulties in many countries and they could not always accomplish everything that they wanted to, and I'm sure that supplies got diverted to unintended sources.

I would say that on the whole it accomplished its purposes as a relief and rehabilitation program, and a program, mind you, that was not meant to go into the question of rebuilding or anything of that sort. This was an emergency program primarily, and we operated under many severe restrictions both from UNRRA itself and from the U.S. Congress as to what funds could be used for. Congress has always been very jealous over the question of providing educational supplies, for example, under any program. And if you wanted to justify pencils and papers, for example, just plain paper and pencils or a simple reading

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book, that's not relief and rehabilitation, and this is dangerous, because it involves the possibility of propaganda and everything else--at least in the eyes of the Congress.

When the Congress acts in this way and puts a restriction on a program, you simply have to follow it, or the General Accounting Office, which is the watchdog will simply throw out the purchase when it comes forward.

Congress required that the President submit a quarterly report on U.S. operations in UNRRA. And much of the material for this, for example, was prepared for us by UNRRA, both by Americans and non-Americans, and many of the leading people in UNRRA were Americans.

Then the draft of this came to our office. We worked on it, we polished it, we particularly drafted the covering letter from the President to Congress which submits this quarterly report, and then sent it over to the White House for approval. The President's assistant (now that

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stupid name business has caught me again) Ed, do you recall which, do you recall the list of presidential assistants at that time? Ed Locke, a youngish man, he was the one particularly involved with it. This was part of his area of responsibility, so it would be communicated to the President through him. And as I said, in the first hectic days of the Truman administration right after FDR's death, when we were all very much concerned with what was going on, one of the most heartening things that I ran across, as I was telling you before we started recording, was the fact that we sent over a draft and it came back to me from the presidential assistant within a very few days, not just with his pro forma memo saying the President approves this, but "the President has read this." And there it was, on the galley proof in the President's handwriting, in his letter to Congress were several editorial and

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substantive changes which represented Harry Truman's style of how he wanted to say something. This was just one of the first of many, many pieces of evidence that Harry Truman was a man who did his homework. He just didn't go into things unprepared. He worked hard, he tried hard to learn in a very quick time--all the terrible decisions he had to make in the first few months. I had no experience with it, but I was told by others that for the first three months, one of his constant questions--you may have heard this from someone else--whenever anything difficult came up, or unusual, the first thing he would say to a couple of the old-timers around was, "How would FDR have handled this?" Not that he necessarily did it FDR's way, but he wanted to know the background; how would FDR have approached it. There was no question that within a very short time his handmark was on the administration. But there wasn't the discontinuity that you might have expected with

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the death of a great man such as FDR, who had been President for so long; you would think that this would be terribly disruptive.

On the whole it was not, even considering the troubled times we were in. It might have been more disruptive, let's say, if it had taken place before we could see the end of the war coming and all of that; but even so, I think that it's a remarkable tribute to Truman that he was able to grasp the reins of power, call it what you will, and to take over in a sensible matter of fact fashion and without making much fuss about it, and do the job.

MCKINZIE: What do you know about his decisions to go along with the ending of UNRRA, and how he felt about the criticisms that were leveled against that program by Congress? Fiorella LaGuardia, of course, wanted it to go on, and, as I understand it, appealed rather strongly to the President to have that happen. Was this outside

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your thing?

BECKER: It was mostly outside my major interest in terms of daily activity although I heard much of what was going on and in a peripheral sense, participated in it. I don't know how to summarize it. I haven't thought of the question exactly in those terms, but let me try to think out loud for a moment. I

would suspect that Truman's kind of down to earth attitude and the way in which he viewed problems, that he would by and large have taken the view that the international aspect of the allocation of American funds was neither politically nor economically desirable at that time. I don't think I could point to any one thing to prove that point, but as a general reflection of the various bits of things. Does this seem to bear out what is told by others?

MCKINZIE: Yes, it is.

BECKER: I was going to say, also, I don't know to

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what extent--I hate to get involved in personalities -- Butch LaGuardia of course, has made his own mark in history, he doesn't have to worry too much about what petty bureaucrats thought of him, but I would suspect that some of the antipathy must have arisen because of the abrasiveness of LaGuardia's personality. LaGuardia was a great man for the role he played in New York. I don't think much of him as an administrator, and even though I have not too much to refer to--that's probably the kind of sharp statement I shouldn't make, but I'm kind of a blunt guy--but what I'm trying to say is that he had the reputation, people who knew him politically, that as a great friend and as great a convivial spirit as he was, that if he ever got down on you, you were dead. He would pursue you until the end of time; he never gave up on a political enemy or somebody that he felt had affronted him. Have you heard this from others?

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MCKINZIE: Yes.

BECKER: Well, the little story I told you before about LaGuardia I don't know whether he would have honored me by putting me on his list, but if he had had such a list of people, I think I would have had a prominent role after that airplane incident, especially after the White House and Mr. Acheson had simply told him they would ride with my decision.

MCKINZIE: And for our record here, he had as I understand it, tried to bump people, some people who were on a regular flight.

BECKER: Yes, this was an Army flight out to the Far East, to Shanghai, at the time the UNRRA people were trying to build up their strength out there as well, and he wanted to bump half a dozen people, because he had a half a dozen people to get out there urgently. There was also the question involved that the urgency was not clear

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at all, it was not clear why they hadn't been prepared to go some time ago. This was a kind of urgency because somebody decided at the last minute that they had ought to leave tomorrow. And so they had applied routinely to bump the Americans; and the Americans, of course, primarily the military responsible for the allocation of seats, they came to us, in this case they came to me and said, "Well,

we'll bump them if you say so."

I said--after checking on the situation with UNRRA--"I see no reason for it, if you tell him that your people are equally urgent; if they have a case to make in terms of priority, let them make it, and as far as I can see there is no reason for it." At which point, when the story got back from the UNRRA transportation people to LaGuardia, he called the White House and raised hell about me. The White House in turn called the Secretary. The first I heard of the complaint was when the phone rang at noon when I was there

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alone, as I was telling you before. I answered the phone, somebody asked for me, and I said, "Speaking."

And he said, "This is the Secretary."

"Hello, Mr. Acheson, how are you?"

He said, "What the hell are you doing?"

"Well, what do you mean, what's it all about?"

He said, "I just got a call from the White House you've blasted LaGuardia, he's mad as hell and he's raising hell with the White House, they're on my tail. What in the hell is it all about?"

I said, "Well, Mr. Secretary, it's like this," and I told him the story.

He listened to about a two minute summary of the story and said, "You just stick to your guns and let the old son of a bitch holler as much as he likes," which is part of my respect and admiration for Mr. Acheson. He knew how to

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work with people, but it also indicates that LaGuardia did try to throw his weight around, in totally unnecessary ways, I think.

MCKINZIE: Do you think then he was not particularly effective in arguing UNRRA's cause before Congress?

BECKER: That is hard to say, because LaGuardia had a particular appeal. As a former Congressman, he would have had more appeal let's say than a LaGuardia who had not been a former Congressman, so that whether the pluses and minuses here work out one way or the other, I don't know. But I would suspect that in the final analysis that his manner probably made more enemies than friends.

MCKINZIE: Did the people from Tyler Wood's office find themselves on the Hill often in justification?

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BECKER: Yes. Well, both the Senate and House committees would, of course, expect the Department to defend the authorization act as well as the appropriation, so you went through the whole damn fight twice on everything. And when you included both houses, that made four times, plus there were inquiries every week for example. Every agency of the Government gets dozens of inquiries or irate letters from members of Congress, and we had our share.

Well, of course, if you're involved in the relief business you get more of these. So, we got all sorts of mail, like the one from the man in Pittsburgh whose nephew had renounced his citizenship in Hitler Germany, and of course, joined the youth movement and years later became a German prisoner of war of the Russians. That's the kind of problem that bounced up in some respect to us in terms of dealing with--because there was a Congressman involved--of how we get this guy declared an American and released from the

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Russians. And then we had that famous argument with the Yugoslavs.

You may remember the case. I don't know the date or the circumstances, but the Russians had captured pro-German Yugoslav forces, I guess, any number of people. It happened to include perhaps 30 or 40 people who might technically have qualified as American citizens and the U.S. took the position that under our nationality rules they were Americans. And of course, this was one of the bones of contention. I suspect this was one of the things the Russians could never understand, because they would say in effect, "Well, here are 40 criminals, what the hell do you want them back for? Why not let them be punished as anybody else?"

Of course, I'm sure if there had been Russians involved, the Russian Government wouldn't have taken that point of view, they would have said, "They are Russians primarily, and it's up to us to take care of them." But the American

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Government took the same point of view, even though very often we felt that we were left out in left field defending people who really didn't deserve much defense. So these were the kind of peripheral problems that came in. I suspect I've wandered off the track of your major question here.

MCKINZIE: Well, I was concerned about your relationship with Congress and the kind of people you dealt with?

BECKER: Yes. Well, for example, I can tell you one of my own. We not only appeared to act for our own programs, but if, for example, the Secretary was appearing or the Under Secretary, we often sat there as his technical advisers. Sometimes we actually gave testimony, sometimes we burrowed quickly to find out that some place we were being attacked for doing something wrong, if you went back to the hearings of last year you could see where it had been authorized. This was the kind of

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thing that you had to do.

For example, a young Congressman at that time, who was being very active in foreign affairs, Jack [Jacob] Javits, wanted to know a great deal more about the whole foreign economic program, and asked would the Department sort of lend him somebody for a little while?

Well, I was the chap nominated, which meant that for the next month I spent about two-thirds of my time not just with Javits, but with his staff, answering their questions, digging up information for them, giving them a sort of better and complete background of our economic affairs all over the world. This is the kind of service you had to perform. In this kind of a staff function you never knew from one day to another what you'd be doing and a lot of trivial problems would come in, and yet we had certain continuing functions that we had to perform which were not really of a staff nature.

MCKINZIE: What happened to the way of life you led

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once the charges started flying that UNRRA supplies were being distributed in the Ukraine and parts of the Soviet Union, not under UNRRA auspices? Do you recall those harried days?

BECKER: Yes, I don't recall much of the detail, but I know that we were lambasted pretty hard, and all we could do--there's one particular report of the President which summarizes the kind of devastation that took place in Belorussia and the Ukraine, and it really was awful. I would suspect--I never saw it myself, I have seen some other devastated regions--that the devastation in those two Russian republics was probably as severe as anything that existed anywhere in World War II. Certainly one area is described where for hundreds of miles there wasn't a single building of any kind standing. Every farm, everything had been fought over two or three times and bombed into just small pieces. And UNRRA tried to gather and feed us, of course,

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as many human interest stories as possible to drive home the fact that it was people that were being helped. "Get a plow in somebody's hand, or an ax."

MCKINZIE: How then do you account for Will Clayton's rather bitter view of the whole UNRRA experience?

BECKER: I don't really know that I could answer that effectively. A lot of us, of course, had fundamentally different economic conceptions than Will Clayton had, and I don't mean just the fact that he was considered to be an ultraconservative, it isn't just that. How can this be put as fairly as possible without wandering beyond the realm of my own knowledge or competence? I guess each of us had his own prejudices, his own way of looking at things, his own conception of how people can work together or what can be accomplished, and our conceptions were different. I think Will Clayton who was a very

able and sharp thinking man, simply didn't have

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any real confidence in an international relief program. After all, as a private citizen he had been involved in international operations, so it isn't that he was insular in point of view; but obviously, the American international businessman doesn't necessarily become any more attuned to an understanding of other people, or sympathetic with their goals. And I suspect that he simply didn't see their way of life or way of doing things, as being a privilege and prerogatives that they reserved to themselves.

We all run into this kind of thing; we couldn't understand at one time, why the Greeks who were starving refused to eat a certain kind of beans, which had been sent there as part of a relief shipment. Their answer was, "We are hungry, but we don't like these beans, we like other kinds."

Well, now, of course that's foolish; what's even more foolish, of course, is that some

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administrator actually held up the distribution of those beans, because I'm sure that regardless of whether the Greeks liked or didn't like those beans they would have been glad to have them if they had been put in people's hands, but they weren't. They lay in that damn warehouse until they rotted, or as the phrase went, "they flew away," meaning the bugs got them.

To my mind that's a lot more tragic than the fact that if the beans had been distributed, maybe 10 percent of them might have gotten in the wrong hands. I don't know of any charity or any relief operation, or any welfare program that is not going to have its percentage of sins of omission and commission and I don't view this as being a drawback. It may be undesirable, you may want to cut it down to the minimum, but it is not a reason for doing away with the program; but if you are predisposed to take a dim view of this, then you can look at the exceptions and the problems that arise and say,

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"Well, this is the reason for not doing it."

MCKINZIE: Will Clayton had a very strong view of how international economics ought to work after the war. I wonder how pervasive among the economic advisers in the State Department and other agencies, his view was? The view that you had to have a kind of free trading integrated world.

BECKER: I think that in the Foreign Service, in the regular Government departments, that this view probably dominated. Among us newcomers, who were not really professional civil servants, but professionals in another sense, we had a variety of views and I think it covered the whole range of ideas. A very wide range. But I'd say that the real difference was this; that while some of us were as anxious to promote American foreign trade as others, and regardless of any personal views we still carried out American policy, we didn't view the promotion of American foreign

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trade as being our primary purpose. At the same time, I have to admit that we felt the American Government, even those who talked in favor of the promotion of foreign trade, was notoriously lax, as compared with the British, in promoting American foreign trade.

This is where my real gripe enters in, you see. We talk about it. We prattled about principles all the time, but in practical demonstration the British Embassy or consulate would be a hell of a lot more help to an American businessman abroad than the Americans were. I think if you lined up a hundred American businessmen and a hundred British businessmen who do business abroad, and asked them the same questions, I have no hesitation whatsoever that the overwhelming majority of the British say that their first point of call in a difficult situation would be the embassy, to get some help; and the Americans would overwhelmingly say the last

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point they would go for help would be the American Embassy.

I recall the export manager of a large American tire company telling me that when he was working on a large deal some years ago in North Africa, that his chief competitor was the representative of a British company. The British ambassador had given a special dinner for the officials of that country, and for the importing authorities, the commercial people, and the tire representative, and made it appear that the Government was interested. You can like or dislike this kind of thing, but the American said, "Hell, I couldn't get anybody at the consulate or Embassy to even talk or to give me any information."

This is a constant gripe among Americans involved in foreign trade. I know that this wanders off the field of really what you are concerned with, but what I'm driving at is

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the attitude. We had certain pet phrases in the American Government, especially in the State Department. No matter what damn program came along we had to be sure that these were inserted, like using a shotgun, you know. First you set up your program and then you fire a shotgun that puts in all the key phrases in the right places, like "the preservation of freedom," "the promotion of trade;" these were all the standard things that went in. We emphasized, we overemphasized in many cases, the restoration of freedom, the removal of restrictions, the reduction of tariff barriers.

I don't quarrel with any of these things. I am quite in favor of most of them. What I object to is using them as holy words and not really doing too much about it, and not really understanding the reality in which they operate. But sometimes the non-stated restrictions were far

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more vicious than the obvious ones.

MCKINZIE: Well, speaking of the reality of circumstances at that time, involved as you were with liberated areas, looking back now do you think that the extent of devastation was accurately perceived;

that the postwar problems of those areas were clearly understood by the State Department, by other people who were going to have to be dealing with foreign economic affairs?

BEXCER: Yes, I think as a whole they were, and in most cases there was not nearly as much conflict as appeared on the surface between the so-called political divisions and the economic divisions of State. At least in our areas we got along pretty well.

Now the political people from time to time tell us, you know, "We don't like this," or "We think you're wrong," or this kind of thing. That's perfectly all right. When it came right

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down to an understanding, in terms of your question I think there was a real awareness of the nature of the problem, but I think there was a tendency--to harken back to something you said much earlier in our conversation--I suspect that there was a tendency to think that all you had to do was to make a few general pronouncements and these problems would go away--you know, that natural revival strength. There wasn't really an understanding of the nature of the actual physical loss of productivity involved, that this wasn't just a disruption, this was real destruction; and that the international monetary aspects were essential elements. This comes out of course, in the hard and unsuccessful efforts of John Maynard Keynes to get an international monetary system established instead of the IMF, as it finally came out of Bretton Woods.

What we've really been doing in the last year or so is a recognition of the validity of Keynes' original position rejected at Bretton Woods, which helped break his heart. Being a great admirer of Keynes, I believe strongly in the Keynesian position at that time, of course, and equally regretful that we (the U.S.) didn't take that position at that time.

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MCKINZIE: Then you are saying that while the reality of conditions were fairly well perceived, they nonetheless failed to create international economic institutions that were equal to the task at hand.

BECKER: I think that's a fair way of putting it. Perhaps they couldn't have been, but I think their vision was less than perfect in terms of what would be necessary. Well, put it in another way, we all said at the height of the war, you know, "By God, this time we're not going to throw away the fruits of victory. We're not going to sink back into the same old morass that happened before."

And you know what happened. We couldn't wait to throw away price controls even though this led to a postwar inflation that might have been avoided, or at least limited. We couldn't wait to throw away other restrictions. We brought home the troops at an incredibly faster pace than probably was wise, and that led to all of those incredible stories of how

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material was dumped, everything was gotten rid of in order to earn some points to get home and show that you had accounted for all of your materials.

In other words, we broke up a winning combination too soon, and this is inconsistent with our very concept, you know, that we're going to show our strength in the postwar period. It doesn't make sense to say we're going to show our strength and then cut our strength accordingly, which is really the fallacy in which we found ourselves.

But, again, that's primarily outside of my area. I think though, that in terms of economics we didn't really have any fundamental faith in the ability of the countries of the world to work together in some effective organization. And I think that the economic aspects of the UN organization has pretty well demonstrated this. You know, you've got the same kind of

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effective cooperation you did with the League of Nations. In terms of statistical surveys it works pretty well. In terms of trying to accomplish overall worldwide economic objectives, you have to face the reality that various countries are going to follow their narrow national interests. I'm not suggesting for a moment that this is wrong of them to do so, but you have to decide whether you're going to create an international organization built on the assumption that these national interests will not be dominant or try to create an institution which recognizes this and tries to deal with them as effectively as possible. I am certainly not the expert in international organization, but truly the policy side of the UN has certainly fallen far short of this ideal, and I think of all those dreary hours of debate on purely technical and administrative details of organization and structure and form, and so forth; and form for what; it doesn't make much sense to me.

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MCKINZIE: Did you, at that time, feel that there was a coherent, consistent foreign economic policy? That is to say, did you have the feeling that the view of the President's Council of Economic Advisers was fairly unchanging?--that came in later, I realize--or that it was a kind of thing that simply was played by ear? In short, you know, the argument that came up again and again, about whether or not there could be an expanding domestic economy to take care of increased productivity as a result of the war or whether there would have to be constantly new foreign markets found for these things.

BECKER: I think that puts it in its naive form. I think you're expressing the naive form in the way it was discussed. No, I don't think there ever has been a consistent American policy. We have always been a government and a people of diverse views and simultaneous differences in policy. I think this is part of our character, it may

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not necessarily be the most evil thing in the world, although at times it's unhappy not to be able to put forward a full face. I know the British, with whom I worked very closely for so many years, my good friends in the British Government, they tell me that they never had to worry. If an American agency took a view with which they disagreed, this wasn't quite as much concern to them, because they felt they could always find another agency that would agree with them; whereas in the British Government they spoke with one voice, and anybody who dared step out of line--it would be unheard of, for example, for

two British organizations to attend the same meeting and take a different point of view on some issue, but this happened in our joint meetings constantly. There might be open battling between the Economic Warfare representative and the State Department representative, or between the Import Office and the Export

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Office representatives, and the British picking their way between them in delightful fashion. Now, I don't say that unanimity is necessarily the most solid virtue in the world, but I sure would have liked to have seen more of it than we had.

MCKINZIE: Would it have resulted in different action?

BECKER: Yes, I think so. I think so definitely. It might have saved some of the mistakes, it might have given more credence and strength to American policy; and yet, fundamentally, American policy, is it fair for me to say, is a little different, I think, than most other governments' policy in the sense that American policy is really made at various levels by day to day actions, and it's only countermanded from above if a major issue arises and somebody agrees, or takes the view that this is wrong and has to be changed. So that, in a sense, to understand American policy

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you have to follow a hundred different strands, whereas with British policy you can see the main core of that policy, you don't have to look for all the little side shoots to understand it.

MCKINZIE: Very good. Can you tell me a little bit about the work that you were doing in this office under Tyler Wood in 1947 before you left, at the time that the Marshall plan was being incubated?

BECKER: Well, that's an interesting period, because we were phasing out one program, and a great debate was going on, not only within the State Department, but within the Government as a whole, and certainly within the Congress. And it was really two debates as I see it. One, was a question of whether after UNRRA was done we would wipe our hands of this responsibility and sort of leave it to the private agencies, or the normal agencies to take care of whatever problems remained; but, two, if it was decided that some further work was necessary the forum

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or structure of that work called forth great emotional disagreement. You can't imagine the high emotional pitch that the argument took in terms of whether this should be a purely American action or, in continuation of the UNRRA kind of relationship, some kind of international group. Everyone was more or less agreed that UNRRA was done; it was best to bury what was left of it and get out from under it. This was a program that had done its job, whatever it may have done, wrong or right, it had accomplished a great deal. But there were various suggested alternatives, joint British-American programs, joint programs of pooling resources along the European economic community kind of thing, but a growing feeling on the part of people in Congress, as well as in other parts of Government, that we should go it alone.

First, in a way this became justified after the event. Although some people would

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argue the other way around, that we were responsible, I don't think so. But in the final analysis when other countries took up post-UNRRA contributions to world relief, they all picked their spots; and they usually picked their spots like the French, they gave their help to former French colonies; the British to a large extent did the same thing, and so did others. The Swedes sort of sprinkled their contribution around wherever they felt the conscience money was needed. And with all due respect, I don't think the Americans were guilty of that. We may have cut off some people and leaned over heavily to favor others, but we certainly aided countries that weren't particularly related to us. We gave where we thought there was need and where there was an opportunity, let's say, to control the programs along the desires of the American people, and the American Congress. That's an overstatement of course, but I'm trying to express the divergence in view.

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Now, I think some of us who would have liked to have seen international organization, more or less agreed with people of, let's say, as you mentioned before, the Will Clayton point of view, who said, "The experience with UNRRA is such that we had better go it alone."

Now that doesn't mean by going it alone that you had to have a completely nationalist program, you could still work that program in cooperation with other agencies, but that fundamentally the allocation of American funds would be subject to American control and not to some international body. Now, within our group as well as within the Department there were others who took the more extreme view who said, "We must still, if only for appearances sake, go through the form of international organization."

MCKINZIE: But isn't it true that if you go through an international organization you don't have quite the same political leverage you might have if you went through national organizations?

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This gets into the purposes of the aid.

BECKER: Yes. I don't really think that's true, as a matter of fact, as shown by the congressional illustration I was talking about with you before; I think that in spite of the fact that we made our huge contribution to UNRRA through an international organization, we got the prestige and credit out of it, if you think that's important.

Now, I'll be a little naive and idealistic by saying I don't think we should do it primarily for prestige. I don't object to anonymous charity. I think this is perhaps the best form of charity and I think if you're going to get any goodwill it comes better this way than if you try to get goodwill out of it as we did with our later shipments, and specify how large the blue buzzard should be on each package that went out of the United States, and that kind of thing. But, again, this is a matter of form. The people who were most

bitter against the

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international organization, were, I suspect, those who--as a generalization it's a subject of lots of exceptions--looked for political benefits. Probably in general they were the most prone to see the relief or aid program as being primarily or at least secondarily, a political source of strength and relationship. Now, again, one can't be naive, there is such a relationship, but I sort of feel myself that from a practical point of view, you don't have to be obvious about this to get it.

MCKINZIE: Were there discussions in Will Clayton's office as not only to whether aid should be national or international in its administration, but were there discussions as to what should be achieved as a result of aid, whether it should be relief, recovery and a Western trade kind of rider on it?

BECKER: Yes, the U.S. Government has always, as I indicated before, pushed too hard, just as we

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did, for example, with the British loan. We just urged the British to make the pound convertible a hell of a long time before it should have been made convertible. So, we gave them a couple of billion dollars to aid in this and it flew away so fast that it would make your head swim, and it didn't help the pound one bit and it didn't help the so-called return to free world currency. In other words, we let an idea take us by the nose and lead us into bad economic policy.

Well, there's nothing wrong with the idea, but the timing and the way in which this was done is far more important than just praising some symbol; and we, I think, in general have been guilty of too much of that kind of thing. In terms of your specific question, sure the debate raged back and forth, not only within the Department, but informally with buttonholing members of the Congress on the strategic committees.

It's funny, I just remembered now. One night I represented the Department, the U.S.

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Government, or what have you, in a national hookup radio debate with a very dear gentleman who was really a sort of diplomatic officer of UNRRA, and that was of course, Mr. [Francis B.] Sayre, the former high commissioner of the Philippines, and President Wilson's son-in-law. He, of course, took the impassioned international point of view. The need for international cooperation, the basic good that would come out of performing this act, through an international organization. I must say that the view that I represented, while it was partly my own, in some cases represented what I felt had to be the view of the U.S. Government and certainly the Department at the time. I know that my face turns red once in a while. I recall one or two phrases that I used that I would happily have called back in later years. One of the things that led to one of those cracks was the fact that Mr. Sayre really attacked us, and by

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us I mean the Department and the whole U.S. Government, and perhaps the whole U.S. people. Because of our desire, he said, to “pull away and to use the relief program as a political tool.”

Well, this comes to the heart of your issue, and this is what I was trying to argue against, that we weren't, that in fact you could see incident after incident where the United States had not asked for political gain, and I think over the period of our lifetime as a country we have probably responded more generously to international need in a number of different areas, not just after the war, to prove that there is something in the American spirit which is not selfish, or national-minded, and that one had to have more faith in the American people, even if a little less faith in the American Government, and not to condemn the whole American act as if it were a false

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and hypocritical one, which is really the attitude that the internationalists were taking, and Sayre represented. I think some of us, perhaps, particularly resented it coming from a man like Sayre, who had a long and illustrious career, and felt that he should have a little better sympathy or understanding, even if he didn't agree with the point of view.

MCKINZIE: What were the couple of cracks that you made that you would have taken back in the course of that, do you recall?

BECKER: I remember using a phrase which came out differently than I intended and I was embarrassed as hell, because I said something to the effect that the United States would never stoop to using a total relief program purely for national prestige purposes. It was just the way I put it, it was excessively said. The fact that I still remember it proves how much it rankled.

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I couldn't recall any other phrase I used that night as such.

In fact, this whole debate on the Marshall plan, of course, intrigues me. I have mentioned to you before that I have some distinct undercurrents of feelings and misgivings here and as I said, I left the Government without taking any folders or papers or documents of any kind, and so I have often wished that I had several drafts that I could refer back to. I know that in preparation for Mr. Marshall's speech it was sort of decided that this would be the talk in which this whole issue which was being debated back and--covered in other speeches as well, a lot of trial balloons had gone up, and we had all sorts of thoughts over the question, and we all wrote drafts. Some of us were very disappointed. Some were disappointed because the Marshall speech, as it seemed to be taking shape was purely going to be proposing against participation in an international program.

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That didn't bother me as much. What bothered me was the fact that I felt that our phrasing, or what some of us had fought for in terms of the need for a postwar program of economic revival covering all of the basic economic issues, had really been played down and almost, at least at one point in the draft, been practically eliminated. What came out was a speech which was much less strong, or incisive than

we wanted, and I suspect it was perhaps closer than perhaps it should have been--to Mr. Clayton's view. I don't think it was Mr. Truman's view. I can't tell you why, for I have no basis for saying it.

What amazes me, therefore, is that Mr. Marshall made a speech which I almost didn't bother to read in the paper the next day because I felt it was wrong in emphasis. Then I saw the headline--and I was suddenly shocked to find that Mr. Marshall was described as having

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proposed a whole new plan and program for economic revival, which was already being referred to as the Marshall plan by the newspapers.

I said, "That can't be the same speech, you know, that I had a copy of." I just didn't understand, and I don't understand to this day. In other words, the mildest form of a speech brought forth a reaction that we would have been delighted with in the strongest form of the speech. Now, is this because somebody is a better speechmaker than I was? I don't know. Or was this trial balloon put out in such mild form and some private information fed to a few of the newspaper people that they wanted to test the public reaction to a more extensive program, I really don't know at this point; and I've never had the answer to it, because I left the Government shortly after that and I really didn't have an opportunity to look into it any further. But I have never been satisfied. I have always felt that there was a

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strange reaction between the speech and what followed the speech. All of a sudden this thing grew like a snowball, and the Marshall plan became the thing, and it became no longer a question "would we have a program?", but how do we shape this program, what will it include, and how much money will be involved?

The whole nature of the debate changed overnight. I don't understand it; I was delighted, but I still don't understand it.

MCKINZIE: And then you did leave the Government shortly after June of 1947.

BECKER: In August, I think it was, yes; and came up to this area. And, as I said, I did go back to the Government, just briefly, to serve as an economic adviser on the General Staff in Korea in 1952-53. That seven or eight months was my last experience in Government service.

MCKINZIE: Is there any unique part of that that would

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merit some kind of comment?

BECKER: Oh, yes, I would think so. I have facetiously told a couple of classes that as far as this Korean experience is concerned, I was fully convinced of the relationship of military to economic policy, but very facetiously established, "Becker's law of warfare." And that is that when you're

engaged in military activity the number of troops, and the extent of fighting, has to be limited by the economic size of the country involved, that any level of fighting above that level will cause tremendous economic problems over and above those which would happen otherwise.

Now, this is a facetious way of saying, of course, that you can't insert hundreds of thousands of fighting men and employ hundreds of thousands of others in ancillary activities, and pay them for it, and especially pay them for it by drawing local currency from the local government to be settled for at some future time which is not

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unrelated to some of the UNRRA methods, the counterpart funds and whatnot without severe economic consequences. All of this has the effect of a tremendous increase in demand at a time when the supply of goods is diminishing, except where it can be supplemented by Army supplies, legally or illegally.

In Korea, of course, it was very often true that the black-market had a better supply of GI goods than the PX's, or Class VI stores did; but essentially the U.S. Army finally did listen, to me and to others, and put various special provisions into effect. For example, because of the tremendous inflation, they eventually moved to a system in which all of the local employees were paid partly in kind. The thing that I tried to get established never fully succeeded, is that in effect if you're going to fight a war, any kind of activity, and the same is really true with economic development of any kind, if you're going to introduce an increase in demand of this gigantic

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nature, then you must introduce, dollar for dollar, a supply of goods equivalent to that increase in demand. Otherwise you're bound to cause a gigantic inflation.

In the case of Korea it's an inflation that went on into so many thousands of percent that it can't be calculated. Every year or so the Koreans simply knocked off the zeros and started over again. At the time I was there the official rate was six thousand won to the dollar, the black market rate was 26 to 28. And then the Koreans had a strange system. Being the economic and financial adviser I dealt with the Bank of Korea and Ministry of Finance officials, some of whom were very able people, but very thinly spread over many difficult jobs. Ninety-nine percent of the currency consisted of one denomination, there were no coins, and all the currency consisted of one thousand won notes except for a very few 500 won notes. That meant

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that as the price level and inflation rose, a businessman going to the bank to draw his Friday payroll had to take a truck over and load up sacks and sacks of money, which on Monday, of course, would come sweeping back to the bank again in one form or another.

Each bank had a special room of counters, with 50 or 60 people just counting money all day long, all the same value. I suggested facetiously at one time (and I probably shouldn't have, ordinarily I was very careful normally not to be facetious in giving advice), I suggested facetiously that they could save a lot

of manpower by just weighing the money instead of counting it, and they couldn't have been too far wrong.

But you talk about economic ideas. I had known Syngman Rhee back in Washington back in World War II days, earlier, and I knew something of him and especially of his Messiah complex, to put it mildly. But when I asked several people, "Why don't you, to avoid having

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this huge mass of paper money, why don't you just print larger denomination bills?"

"Well," they said, "we can't do that, it's inflationary."

I said, "Where did you get that idea?"

"President Rhee said so." And if President Rhee said so, if he said Tuesday was Wednesday, it was Wednesday. He was a nice chap, and a very pleasant man, personally, but he had his complex and he really believed that he was Korea, that anything he said was true because he said it.

MCKINZIE: How far could the United States go? Could it go beyond the realm of friendly advice in bringing about some kind of economic reform in the Korean Government itself?

BECKER: Well, I have some mixed feelings about this. I have worked in and lived in a number of countries abroad for either longer or shorter periods of time, and I have developed a philosophy about

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this which is not unusual. I don't want to seem to be weak-kneed about it, but it seems to me, basically, that you have to adopt a principle that an adviser is there to give advice, he is not there to run things. Basically, the local people have to make the decisions. If you are a good adviser then you work hard to get your advice across in ways which are acceptable. There's no use telling somebody something they ought to do, and being so dogmatic about it that in effect you stiffen their resistance and their determination that that's the last damn thing they are going to do. MacArthur changed a great many things in Japan, and, of course, the minute MacArthur left they cancelled most of those things, but some of them have stuck. But the fact is that people are going to run their affairs in ways they think best or in a way which they will adapt to whatever changes come along. So, all you can do in the best possible manner is to advise them, to help them,

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to be there to give them a lift. But basically, if they don't want your advice, they're not going to take it; and if they don't ask for it, they're not going to pay much attention to it.

So, your job chiefly is how to develop your relationship with the people in such a way that you could have some effect, and I think we did in some respects. We had some terrible chores there in trying to determine how much we owed the Koreans. Trying to find out in a chaotic state, where the records were

incomplete, how much local currency had been drawn by various military paymasters. Trying to account for huge sums of money that disappeared because some base was overrun, and as one colonel said, "Hell, we could either take the records or run for our lives, and we chose to run for our lives."

So, there were huge discrepancies in terms of what we said and what they said was owed, and eventually this was settled out, but it wasn't easy. But many of the problems of dealing

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with Syngman Rhee and the Korean Government at that time are similar to those that are involved in the Vietnam settlement today, the unwillingness of the local government to go along with the kind of agreement that the American Government was willing to make with the other side.

I was there when Mr. Eisenhower came over after his election; I didn't see him, of course. I only know that I was preparing to go back via Japan and that my return was delayed several days because during the period of his flight practically all other aircraft were grounded for security reasons. When I eventually got to Tokyo I made a very fast priority trip home, but for the time being I was held up a few days.

No, I think that the problem here is a tremendous one in terms of not understanding the economic impact of military activity, and not, therefore, being prepared to offset it to the greatest extent possible. See, my argument here is not a humanitarian one, I'm not worrying

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about the quality of life in this respect, it's purely economic in a sense, but there's another interesting aspect. It's a story that I have told many times. I've had a number of Korean students here and they have tended to bear me out. At one point in the police action in Korea, it was decided that we ought to raise two or three more Korean divisions. Well, two or three divisions means 50 to 75 thousand men--well, in excess of 50, anyway. There was no problem of manpower, the men were available. The realization finally dawned and I have not seen a comparable--I'm sure that something similar has been done in Vietnam--but I haven't seen a comparable discussion of it. But to take 50 thousand people who are comparatively illiterate, who have lived for 50 years under Japanese domination in which they were not allowed to receive any technical, as well as general education--now, the first thing that happens is you find, "Well, we can't really train these

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people, because they're not literate, so we better teach them to read and write first." Secondly, there's the realization that a modern army division, whether it's 15 or 20 thousand men, or 27 thousand men, depending upon what kind of structure they use, a modern army division is equivalent to a fair-sized town in the United States in terms of the technical experts that it needs. Everybody from shoemakers to bakers, to cooks, to electricians, to signalmen, communication experts, typists. Where are you going to get this in Korea?

So, before long the Army found that they had to establish in Korea the whole series of Army schools,

such as we have in the United States, all the technical schools. So, by the time you put these people through a basic training, and some basic literacy training, and then through technical schools, then you are reaching a point where you can raise an effective division in modern

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terms.

Well, I'm not commenting on the military side of this. They performed very well from what I have seen. But I said then, that I was so impressed with what was going on, that the greatest economic consequence of the Korean war would be a speeding up, of what might not show for ten years, in the Korean rate of economic development; because what we have really done is to telescope into a few years the education and technological training that might have taken two generations to develop in the normal undeveloped country. And we have seen the result of this.

One reason that Korea has made such remarkable economic progress (that doesn't mean that they are out of the woods and don't have a lot of problems), but one reason that they have done so well in the last few years is the outcome of this "training up," raising up the whole technological level of the working force. They

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still haven't fully penetrated down to the peasant level completely, but that's a matter of time.

MCKINZIE: At the time you were there working with the Korean Government on their economic problems were they asking for capital development monies?

BECKER: They were getting aid in several ways. Remember we were technically a U.S.-U.N. force. There was a sort of small Korean equivalent of UNRRA (UNKRA) and in addition, the Korean Government itself hired Bob Nathan, as a private organization, to come over--I remember spending some time with Bob and a number of his people in Korea at the time--to study economic conditions and to make recommendations. They were getting a lot of straight American aid and later on even more, after the hostilities were over in terms of Ex-Im Bank loans and other loans,

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as well as some grants; so that even during the war a tremendous economic development and investment program was going on. Remember that South Korea really represented the agricultural side. In many ways this South-North division is very similar to our own at the time of the Civil War, or the War Between the States, depending on where you come from.

MCKINZIE: Up north.

BECKER: I was born in the North, spitting distance from the South, Cincinnati. But North Korea was the industrial and mining area, South Korea was agricultural; so, when they broke off, the South Korea that we inherited, so to speak, was really without what little industry and manufacturing activity existed

in the country as a whole. The problem of reconstruction would not have been as severe if it had been a united Korea.

Well, there were tremendous economic problems

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aggravated by the kind of poverty and devastation that took place, and yet I think the recovery of the country was remarkable, and I think a lot of it is due to, not just to the flow of investment, because that's happened in other countries without the same appreciable result, but it was the great technological surge that happened through the education and training of thousands of people.

MCKINZIE: Very interesting. What did we miss during the Truman years? I see you have a little card there.

BECKER: I was trying to jot something down on the way down here. Let's go back to one other thing that I don't know too much about, but which I would like to comment on anyway, because I think it's appropriate to the present administration.

One of the things that impressed me most, in addition to the one that I've already

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mentioned, that Mr. Truman was a man who did his homework, but associated with that is another idea, and I'm sure you've heard this from other people. That while he was the man who said the "Buck stops here," and the man who fundamentally made up his own mind, he was also a man who liked to listen to what other people had to say. In other words, he used his experts; he knew how to use people, which is to my mind the most effective part of any kind of administration of this sort, where you've got to make a number of decisions. He talked to people, he got their ideas, he didn't necessarily follow them, but out of this he machined his own concept of what had to be done. There wasn't, for example, the frustrated feeling that I understand now pervades the whole Department of State, that they are not even high class clerks, that they are not even privy to what was going on. We knew what was going on, if it concerned us, and we were

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constantly being called upon to do something; and at the same time we also knew that if we had an idea we could get it pushed forward. Nobody had to accept our ideas, and they didn't have to put them all forward, but there was an avenue and it was used. And I don't know that any administrative branch of Government can really function without having those conditions.

MCKINZIE: You noticed then an appreciable change then when President Truman took over, because I gather that President Roosevelt, for all his great qualities, never used the State Department in the way that you have just been describing? Or am I somewhat in error? Cordell Hull, in short, never had quite the power or the influence that you mentioned.

BECKER: Yes, when you say somewhat, the distinction in my mind doesn't exist as sharply as you've put it. I think Mr. Roosevelt, you're probably

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right, tended to deal with his own problems in his own way, but I think there wasn't the same open conception. There was at times, but I think it had been overcome by this time, there wasn't the feeling that the State Department was just a bunch of striped-panted obstacles to everything. He used them when they could be used, and certainly the fact that Cordell Hull was a close adviser of the President meant that the Department always stood pretty well in that respect. The Department functioned in those days--and I don't know how it functions today--with a great deal of, I would think (I'm trying to think of the right words, you know), independence and self-respect, even in FDR's days, but perhaps not to the same extent as under Truman. I don't think that Roosevelt and Hull, while they may have been great buddies on many other issues, were always in accord on foreign policy. I think by and large Hull got diverted to this damn reciprocal trade agreement program

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which I certainly don't object to. I just object to it being elevated to such an important position and it certainly should not have been the dominant activity associated with a man who was Secretary of State for so long, and I have a great deal of admiration and respect for Hull. I was in the Department partly in his administration and partly later. But at least under Mr. Hull you could operate and I didn't at least have the feeling that we were cut off, or that we couldn't get our point of view expressed, because I can recall plenty of times when we did sit up late drafting something for presentation. At least we had the feeling that it was being reviewed somewhere. Very often the obstacles were not elsewhere, but within our own Department. In other words, if you couldn't get something passed the appropriate Assistant Secretary, or get somebody to agree, or if somebody in another agency disagreed and the policy was not adopted, well that's too bad, you did your best; but there

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wasn't the feeling that you were being ignored.

So, I wouldn't put the extreme quite as sharply as you did, but there was a difference, I grant you. There was a much healthier feeling, I think, when Mr. Truman took over.

MCKINZIE: That you could be listened to?

BECKER: Yes.

MCKINZIE: I'm intrigued by a comment you made earlier about the way American policy is formed. You indicated that it comes in strands, that there is no unanimity in it, but would you then say that what American foreign economic policy becomes is a kind of a compromise position of the lot?

BECKER: It becomes a compromise position, but you have to add one other factor that I mentioned before. We have certain pet phrases, as I indicated before, certain pet concepts, and you

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just dare not write three pages without including one of these somewhere, even if it's only a sort of a distant bow. But we find that this is almost like (I don't want to put it in the same category), but it's equivalent to adopting a certain ritual, and the danger is not that the ritual is wrong, because most of the things I would agree with. I certainly wouldn't quarrel with the concepts of free trade and private initiative and enterprise and so forth, I'm quite in accord with this general philosophy, but when it is used in two ways, one, really to smother any other idea on the grounds that it interferes with these concepts without facing reality of whether the consequences have been appropriately considered, or when it becomes just a kind of phrase that you'd use and really don't mean, so that by paying lip service to it you really don't accomplish anything.

MCKINZIE: You're not bothered, then, by the con-

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tention of some that in those years there was a declaratory policy and then an operational policy?

BECKER: It depends on what you mean by bothered, yes. Obviously at various times the Government may have to adopt certain public postures, or views, which it need not necessarily push very hard in terms of its real objectives and goals. There are, of course, dangers involved here; there are dangers, as I said before, that you begin to think of these projected public policies as being real, and when you do you get diverted then in terms of real problems when they arise, because you have now delimited yourself in terms of action, you don't have the maneuvering room. I think we've often been led into the trap, you see, of saying that since we must be in favor of return to free markets, well then we must always use our influence to tell any country that some action that they are about

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to do is not a good one, because it may interfere with free markets, regardless of how it affects that country, regardless, really, of whether any other alternative is realistically possible, where the alternative of not having some kind of controlled market may be complete chaos. And so we're not really choosing between the real alternatives that exist, but between a mythical one and a stated policy. It doesn't make sense.

Does that answer your question?

MCKINZIE: Yes, very well. Are there other things?

BECKER: I guess one last comment of no real consequence. One of the fascinating things is to see, in wartime, the normal personnel of Government expanded by a host of professionals of various degrees of competence and intelligence. It's interesting to see the way in which these newcomers operate. Some of them, you know, take

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to Government work like ducks to water, and others don't; but you wonder, here are a group of very dedicated, able people, and it's only really recently that we have been able to achieve something that the British have had for a long time. You may note that I'm kind of an anglophile even though I love to criticize them. It has taken the British about 22 years to come around to my way of thinking about British economic policy. I used to keep writing to my friends, "When in hell are you going to learn the right way to do things?" And this week the Conservative government has turned around to do it, the Labor government never would, trying to promote British prosperity by encouraging economic activity rather than discouraging it.

British professionals move easily into government posts. But we have never had that in the past, that easy flow back and forth. Government was government, universities were

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universities, business was business. Now, since World War II, and I think arising from it, we've had a much greater interplay. People roam back and forth. It is interesting to speculate in terms of how this has enriched, it certainly has enriched, the academic life. It's made the lecturer a lot more cogent I think in his observations and in his teachings, let alone his scholarship. But I think it also has enriched Government life in that it has brought a whole range of skills which were not always integrated in terms of the old, old business that, you know, we can under duress organize and apply our best minds to the solution of problems, and yet we still continue to fail to do so. We still have the interplay of people now, but we don't have the same kind of sense of national emergency or urgency which enables us to meet what are equally severe problems by the same kind of coordination of effort. Really this is what

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I am driving at.

Well, that's kind of a lament I just wanted to add.

MCKINZIE: I understand it very well. Well, thank you.

BECKER: You are very welcome, it's been a pleasure.

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