

Oral History Interview
with
ROBERT MARJOLIN

French economist and civil servant, 1941-55; serving as Secretary General, Organization for European Economic Cooperation, 1948-55.

Paris, France

July 2, 1971. by Theodore A. Wilson, University of Kansas

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WILSON: If you would elaborate on a few of the points you made to Dr. [Philip C.] Brooks, that would be of some help.

You talked about the idea of a third force at that time, not as a political force, but an effort to make Europe an economic force. And you described, for Dr. Brooks, conversations you had with a number of people on a monthly basis about how one could go about achieving economic unity in Europe, particularly unity in the trade sphere. I wonder if you might comment on the

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principal problems which came up in these discussions. They're fairly well-known, but I'd appreciate your views.

MARJOLTN: That was more than 20 years ago; I mean my recollections are likely to be vague. I do remember that in '48 and '49 we had discussions about the possibility of a "third force." As you said, the idea was the setting up of an economic force.

It took the shape of whether Europe should form a customs union or not. It was after the time we had moved to trade liberalization which meant the abolition of quantitative restrictions. Then I raised the question why shouldn't we abolish customs duties too. I remember having been to London at least ten times with that idea in mind. I went to meet the Chancellor of the Exchequer or the President of the Board of Trade; each time the proposal was turned down flat, the British saying that customs duties were not a matter for OEEC (Organization for European Economic Cooperation), but a matter for GATT (General Agreement on Trade and Tariffs), on a worldwide basis.

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Let's put it this way -- the Europeans in general, even on the Continent, were too engrossed in their immediate problems -- reconstruction problems -- to show much enthusiasm for anything like a third economic force. Only the British could have done it, because they enjoyed the undisputed leadership in Europe. There just was no interest in doing it.

WILSON: Why was that so? Why did they enjoy undisputed leadership, given their desperate economic situation? They had been instrumental in winning the war. Was that the explanation?

MARJOLIN: Yes. They won the war and in Europe, in spite of the economic difficulties, they were still the main industrial power. Germany had been shattered. In addition, there was Britain's experience in banking, international trade, and the city of London, and so on. If the British had wanted, in the years 1947-1950, really to lead Europe toward union, they could have done it without any problem. The French would have supported them, and all the others would have

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followed. That was an opportunity that was missed.

WILSON: Several of the persons with whom I've talked have said that the British were still preoccupied not only with this mystique of their ties with the Commonwealth, but also with the mystique of the pound as the international currency.

MARJOLIN: Oh, yes, there was a lot of nonsense going around. There was the famous "three circles of Winston Churchill." He said, "The world is made of three circles. There is the United States, the Commonwealth, and Europe. England is the only common point, the only point which is on the three circles; therefore, we should keep that position." Later on, he said, "If we have to choose between the world and Europe, we choose the world." There were lots of circumstances, which explains that attitude. There was the Commonwealth, which was still something very

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important in the minds of the British. How many times have I heard that! Maintaining the Commonwealth was in the interest of Europe, not only England. Secondly, there was the problem of their "special relationship" with the United States, which was on their minds. Thirdly, there was a certain kind of distrust, as always, of the Continent. I mean, they did not see themselves throwing in their lot with countries as unstable, for instance, as Italy, or as mysterious, still, as Germany. In addition to all that, there was the trade unions, and their philosophy of full employment and social welfare -- the welfare state. There was nothing to attract them to the Continent. All that together made British public opinion very hostile to any new involvement. But an opportunity was missed.

WILSON: Yes, yes. Particularly, as one looks back and sees what was happening to their Commonwealth ties, in that period.

MARJOLIN: Yes. It was happening slowly, and they

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did not even notice it then.

WILSON: If I may expand on those points you've made, one of the themes that has become apparent to us in both our study of the documents and in talking with persons in Europe is the question of the American relationship with the British in a number of spheres. I'd like to get your impressions and perhaps you could correct me if I'm asking questions incorrectly.

One thing that is somewhat baffling concerns American opposition to what might be called the empire, to British empire, or to all colonial arrangements; that opposition diminished. It diminished rather rapidly, at least with regard to the British -- that's one impression I have. It was maintained to some extent with regard to the Netherlands, and to some extent with regard to French colonial arrangements. How would you interpret that?

MARJOLIN: There are two explanations which come to my mind. First of all, this hostility to British

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imperialism was largely a personal factor. It was largely Rooseveltian. When he was replaced by Truman, this personal factor disappeared. In addition, circumstances changed. The illusions of a possible friendship with the Russians, which Roosevelt entertained, were shattered very quickly in '47. In '47 there was the Truman Doctrine, and the cold war went on to culminate in Korea -- in hot war. Due to these circumstances, I think the Americans were rather anxious that the western European powers maintain their positions in the world and help to police the world, and make it safe from communism. This was so to the extent that when the French were fighting in Indochina -- at the end at least -- the Americans were supporting the French, not to the extent of providing air support at Dien Bien Phu, but they gave financial assistance. In the same way, the Americans were not keen on seeing the British withdraw from their positions east of Suez. Therefore, I think the main explanation is the cold war. Instead of the kind of Utopia which was in Roosevelt's mind,

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of a world that would be pacified by the actions of the two big powers, Russia and America, jointly. This Utopia was replaced by the fact of confrontation. In that confrontation, the United States looked for help anywhere they could find it. Well, they found it in the old colonial empires.

WILSON: How much emphasis should one place upon this notion of the special relationship? It's been suggested to me that the British believed that they had such an arrangement with the United States, that they could continue to, sort of behind the scene, do all that they had done in the past -- particularly in Europe.

MARJOLIN: I think this was certainly a widespread idea. The British were in a better position to influence official American thinking than were the others. Whenever the British were in difficulty, they would be backed up by the United States. I think the feeling is still existing; there's still this idea, which expresses itself in many fields, but in the military field

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especially. The British still consider that the United States won't let them down -- in the defense of the pound, for instance. And that is supported by facts, to a certain extent. Whenever the British were in trouble, the Americans stepped in and provided money for their advanced weapons for enough to avert the wreck of their pound. The feeling has lost some of its strength, but it still exists.

WILSON: Should one discriminate or make a separation between the views of the Department of State and, of, say, the ECA (Economic Cooperation Administration) in this regard? It has been suggested to me that the ECA people were rather less sympathetic to this notion of a special relationship.

MARJOLIN: Well, the ECA people, especially Paul Hoffman, were the strong advocates of a United Europe. That would have meant that the special relationship would have dissolved. I believe it was in '49 that Paul Hoffman made a remarkable speech in Paris, in support of a European customs union.

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It seemed at the time to be far-fetched.

WILSON: What about the question about the strength of the ECA's effort to have a very strong OEEC established, and then these recurrent efforts to strengthen the OEEC through strengthening the power of the Secretariat and this sort of thing? How important was that? What I guess I'm asking is, how much significance did the United States or did the ECA people in Europe give to the OEEC as an instrument for integration or perhaps union?

MARJOLIN: Well, first in '47, after General Marshall's speech -- the Marshall plan was a, powerful instrument to save Europe from the disintegration that was threatening it. In the mind of many ECA people, such as Paul. Hoffman and Dick [Richard] Bissell,, the idea emerged of a united Europe. I have mentioned Paul Hoffman's speech. I can say that on the whole the

Americans were in favor of a strong OEEC and the British were in favor of a weak OEEC. There was, as you say, a tug of war in '47 until 1948 when the OEEC was set up. I remember that one of

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the forms of dispute was whether the head of the administration of the OEEC should be called a "General Secretary" or a "Secretary General." General Secretary was a British term. As a matter of fact, it turned out very well. As you know, for seven years I was Secretary General, and I managed to establish good relationships with the British. I could see what was possible and what was not possible. Suddenly, the one in charge was "Secretary General" and not "General Secretary." Who could blame the British? The OEEC had some disadvantages for them. So the British went as far as they could given their conception of the OEEC as a transitory body which would last as long as the European economic difficulties would last, but no further.

WILSON: That was not your view nor the view...

MARJOLIN: Well, no, our view was that you needed a kind of permanent organization and that the OEEC was in a position to provide it. The British gradually lost influence and power. Another point

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which is very interesting is that of the relationship between OEEC and NATO (North Atlantic Treaty Alliance). The membership was largely the same except for neutrals like Sweden, Switzerland, and Austria. They were not in NATO. Nevertheless, the question on the whole was whether NATO would do some economic work, or not. I do remember the British pressing very hard for that. They wanted the transfer off: the economic activity of OEEC to NATO. I remember there were hard arguments and unpleasant discussions with Hugh Gaitskell -- around 1950. I do recall a dinner when we exchanged words.

WILSON: And perhaps the establishment of NATO headquarters in London.

MARJOLIN: I don't know about that.

WILSON: There is some confusion about the American role. Perhaps the United States took the position of a mediator rather than a strong position.

MARJOLIN: Yes.

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WILSON: They were willing to set up coordinating committees and things like that. If I can pursue this line for a minute, what decisions were taken both inside and outside of OEEC which did importantly affect its future? Its principal function had been the distribution of aid and then other things came along, of course. The EPU was a continuing function for a time. But could there have been an approach to integration within the OEEC comparable to the Schuman Plan? If a different tack had been taken, might that have guaranteed or assured...

MARJOLIN: I doubt it. All the ideas which were contained in the Schuman plan were quite foreign to the ways of thinking of the OEEC -- the idea of a supra-national High Authority, for instance. After all, the experience proved that the European Coal and Steel Community was at an impasse. It was necessary in 1955-56 to try something new, in the negotiations that led to the Common Market. I see as much or more continuity between the OEEC and the Common Market than between OEEC and the

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Coal and Steel. Community. The difference between the Common Market and the Coal and Steel Community was that the supra-national idea disappeared in the Common Market treaty. Of course, there was still an independent commission, but it was practically without powers of decision. Its power is the power of proposal. And the decisions of the Council of Ministers were, in fact, made by unanimous votes. Well, you could very well imagine the OEEC evolving in that direction and becoming a customs union. The British had become so negative in the last years of the OEEC, that the French took another way, the European Coal and Steel Community. It also was not very successful. The new organization did not achieve very much. It was in difficulty for many years. All that led to the Common Market. There are great differences between the Common Market and the Coal and Steel. Communities. The main idea in the Schuman Plan was organization. You organized the coal and steel market. It was very interventionist. The High Authority and the Council of Ministers could approve or disapprove

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an investment. In the Common Market the general philosophy is a liberal one.

WILSON: Yes, non-interventionist.

MARJOLIN: Non-interventionist. And being based on a liberal philosophy it is closer to the OEEC than to the Coal and Steel Community.

WILSON: How much of the non-interventionist position adopted by the OEEC was the result of, or supported by, American policy?

MARJOLIN: Oh, yes, American policy was very intelligent and generous. It strived for a united Europe within which trade would be free. In 1949-50 the Europeans succeeded in abolishing part of the quotas in their regional trade, but trade quotas remained in relation with the United States. The American philosophy, insofar as Europe was concerned, was very close to the philosophy of the Common Market, very close.

WILSON: That position was ironical in a sense because, as I'm sure you were aware of from your service in

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Washington during the war, if there was any one policy which the Department of State followed, it was the policy of global trade liberalization as the source or the solution for all of the world's evils. I suppose that is what resulted in GATT in 1947; and yet the policy adopted through the

Marshall plan and the ECA got away from world liberalization and focused upon Europe. Were there conflicts between these two views?

MARJOLIN: Well, the conflict was not apparent at the time. There were two reasons. First of all, Europe had been destroyed to such an extent that it was obvious that something European had to be done. And secondly, starting in '47, Europe and the U.S. thought that the Russian intentions of putting a hand on Western Europe justified special treatment. So I would say that during that period, until probably '54-'55, the old world-scale, liberal philosophy played a secondary role in American policy. Cordell Hull was forgotten for awhile. Obviously, the United States was then in a stronger position than later on when it experienced its first balance of payments deficit.

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They may have felt that they had granted Europe too much. It had to come to an end.

WILSON: Would it be fair to say that the submergence of Cordell Hull's views was the result of a replacement of the State Department generally in this economic sphere with the creation of the ECA as a separate administration?

MARJOLIN: Yes, I would think so. I think it was a Senator, whose name I've forgotten, who at a dinner in 1948 or 1949, said, "Well, Mr. Marjolin, I give you five minutes to tell me what you are going to do with our money."

I said, "Well, we are working out medium-term programs for the next four or five years," and I assured him that in that period many problems would be solved. I was interrupted violently by the chairman, who said, "I don't care what you are going to do in the next four or five years; I want to know what you are going to do now" I must say that Paul Hoffman let me down that time. He did not say a word, the idea of the medium-term program was his idea. I

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suppose there are minutes of these conversations. There must have been an official of the State Department taking notes.

WILSON: One can't always guarantee that.

MARJOLIN: I don't remember the State Department playing any important role. There was an amusing incident at the same dinner. One of the Congressmen or Senators fell asleep during the dinner, or heard only vaguely what was said. Then he woke up suddenly, and attacked in a fierce way his vis-a-vis, Jean-Charles Snoy who was a Belgian. He said in substance, "I always distrusted you very much, you French." And for five minutes he told my Belgian friend all the reasons why he distrusted the French.

WILSON: Perhaps the last question I might ask you would be this matter of the importance of Congress in all of this.

MARJOLIN: It was very great.

WILSON: It was well recognized, the role that

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Congress would play or did play? Did the ECA usually serve the buffer between the OEEC and Congress?

MARJOLIN: Well, the OEEC had nothing to do with Congress, with the exception of that dinner, and one or two other occasions. Everything went through ECA, At the time of authorization and appropriation, the ECA had a rough time justifying their request for money. It went very smoothly the first year, with greater difficulty later. In fiscal 1949 I think the Congress appropriated five billion dollars, and in the second year, four billion dollars. I am not sure of the figures. After that, of course, it declined.

WILSON: What about the various restrictions which Congress placed upon the appropriations acts -- the Battle Act, for example? This act punished those nations which traded with the Eastern bloc. Was that at all significant? There were the amendments, too, insisting on the use of aid for private enterprise in Western Europe?

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MARJOLIN: Well, on the whole they were very broadminded. I have no recollection of any serious restriction. To a large extent, it was aid without strings. I think the policy of restricting exports to the East came later, after the Korean war started, or just before. After that conflict started, the whole emphasis shifted. Before that American aid was extremely generous and untied.

WILSON: You would say then that the Marshall plan was not used as a political weapon

MARJOLIN: I would say that; it was intended in the interests of the Europeans. The only pressure put on us was that we should unite. We should get together as much as possible. There were no strings attached. There was a concern over efficiency -- whether the aid was used in the best possible way or not. I do remember that for the first two years, which were the most important ones, the United States asked the OEEC to suggest the initial distribution of funds among the various countries. In 1948 and '49 I remember I was

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instrumental in suggesting a certain distribution to the Council of the OEEC. In the second year I think Congress had recommended that a separate amount of money be set aside for contingencies. And when I suggested the distribution of aid between the European countries, I discovered that I could not do it unless I included this contingency pool in it. Finally, I got the European countries to agree to the way it was going to be distributed. When I saw [W. Averell] Harriman, he was absolutely furious. He said he didn't know if there would be any more aid since we went against the wish of Congress. But the difference wasn't very big.

WILSON: One hundred and fifty million?

MARJOLIN: Something like that. But that was the only time I had a serious difficulty or difference of views with Averell Harriman, with whom I usually got along very well. It is true that at the beginning Harriman was expecting to deal with European statesmen when he got to Paris. But the

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ministers of the various European countries came together only twice or three times a year. The rest of the time he had to deal with government officials. Secondly, instead of having a prestigious Secretary General appointed in 1948, he had a comparatively young man to deal, with -- a man without great prestige. I know he was not very pleased with my nomination, but we got over that very quickly. I was at the time, thirty-seven, and he was the older statesman.

WILSON: Thank you very much.

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