

Oral History Interview with

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East Hartford, Connecticut

July 9, 1971

by Theodore A. Wilson and Richard D. McKinzie

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WILSON: One of the topics that has engaged our attention has been the role of the Office of War Mobilization and Reconversion in all this. It seems to be rather a crucial agency in postwar planning and in the immediate postwar period. You were involved in that. How did you happen to that agency?

BISSELL: I had been working in Washington during the war in the War Shipping Administration and in the fall of 1945 a neighbor of mine in Washington by the name of Hans Klagsbrun, a lawyer, was the deputy director of the Office of War Mobilization

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and Reconversion under John Snyder. He approached me and asked if I would be interested in shifting from the War Shipping Administration which was clearly nearing the end of its activities to OWMR. I said I was and did so forthwith.

My predecessor was Robert Nathan who was a very well-known economist. I had known him personally -- not terribly well, but moderately well. And he had decided to leave. His position, I think, was really senior economist on the staff. Klagsbrun knew of my background in economics and in effect I became Bob Nathan's successor. I think it was about three months after I joined the agency that Klagsbrun himself resigned and John Snyder then asked me to take over his position. I joined the office in the autumn, possibly in September. My recollection is that Klagsbrun left in January, and I was in effect the deputy until the following summer, when I left to rejoin the faculty at MIT. My main concern while I was there was with the price stabilization program, most of the issues

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which arose seemed to involve that in one way or another. As I'm sure you're more clearly aware than I (because I assume you're much fresher on the history), it was a period when wage controls had crumbled or legally had been abolished, but price controls still were being maintained, and this gave rise to a whole succession of official policy conflicts. The War Production Boards interest at that phase was to accelerate civilian production in every way possible; the price control agency was trying still to keep a lid on prices. And this meant that every major wage negotiation threatened in effect to shut down an industry. Employers couldn't grant wage increases without a change in price ceilings. The unions wouldn't accept wage stabilization imposed through price controls and through the employer. So all of these disputes ended up in Washington and a good many of them came to our office. It was a time when there were not only in effect these conflicting policy objectives of accelerating production on one hand and price control on the other,

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but of vigorous personality conflicts as well.

I happened to know Chester Bowles well, had known him well before the war, and when I first joined OWMR, Bowles was director of Price Stabilization (he was the head of the OPA). Sometime that winter he became director of Economic Stabilization, a position that Vinson had held for a time. Because I had known Bowles very well, I was in contact with him and in effect found myself often having to be the only communications link between Snyder and Bowles. They got along very poorly. They disagreed on most major issues, and they disliked one another personally. When Bowles moved from OPA and became director of Economic Stabilization, he asked me if I would move over and join his staff.

I did not think that was wise, but with John Snyder's consent, I became one of Bowles' deputies. So I was a kind of personal interlocking directorate. I was working as Snyder's deputy part-time and part-time as Bowles' deputy. As they were hardly speaking to one another, this

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was quite an interesting period in my life.

WILSON: What was your feeling about the President's position? Was he primarily concerned with the political effects?

BISSELL: I think so. Let me put it this way. I not only knew Bowles well, I came to know a lot of the men who worked for him, his close associates. I had a great deal of sympathy for their objectives at this point. I thought that as a group they were rather more idealistic and rather more dedicated than, for instance, the men remaining at that stage in the War Production Board. Very often the conflicts were between those two groups, with the War Production Board people acting as the spokesmen for avoiding strikes and accelerating production. This left the OPA and the Department of Labor in a kind of peculiar position because the WPB became to some extent the spokesman for the claims of the unions. The group around Bowles had become deeply dedicated to their goal of price stabilization, and when I say

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deeply dedicated, I really mean emotionally involved in that goal. Rather more emotionally involved than I think any other similar group in the administration became in any other objective (although Wilson Wyatt and Coombs, who worked for him in housing, had a somewhat similar emotional involvement in their program). My feeling is that the President, although loyal to Bowles, appreciating Bowles' loyalty to him, and giving him a good deal of backing, fundamentally did not share the same emotional involvement in price stabilization as an end in itself. I think, therefore, that if one had got him to examine the issues and express his innermost views at that time, they would have been rather more on the other side than they were in back of Bowles.

This may have been a form of wisdom. With hindsight, I think it's clear that the stabilization of the price level roughly at its wartime level couldn't be maintained indefinitely. The cost-push spring was coiled up by years of cost

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increases, and there was going to be a significant price inflation at some point. I'm not at all clear, with hindsight, that much would have been gained by keeping that lid on any longer than it actually was. I think Paul Porter, Bowles' successor at the OPA, ultimately came to feel that himself, but at the time when I was deeply involved in it, this was still a very emotional issue in Washington.

WILSON: This is perhaps a minor issue, but was there involved in this emotional attachment a recognition that rapid rises in prices for American-produced goods would be very harmful to the positions of other nations who were dependent upon these goods?

BISSELL: Most of the debates I heard focused on the domestic issues and these were emphasized rather than the implications for the export situation.

MCKINZIE: Did you have any sense of OWMR's desire to continue into the postwar period as some sort of

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modified agency, with a continuing role?

BISSELL: There were a number of its staff who believed (as I was inclined to believe) that it could have played for a considerable period a useful role. As a matter of fact, that is a view that I really haven't ever changed, with hindsight. It was then a mercifully small organization. I can see the danger that if it continued semi-permanently, it would have grown very greatly. To see it become a large organization I now feel would have been unfortunate and on the whole the better course may have been to abolish it. But as it did function at that time with about a dozen senior professional people, the whole variety of disputes, most of them on one aspect or another of domestic economic policy, could be staffed and resolved in most cases without requiring the President's personal attention or intervention.

When I was in the office, John Snyder was, of course, the head of it, and I believe he shared no part of the view that it ought to continue.

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I think at the time, and subsequently, his feeling was that it should be wound up as an office just as soon as possible. Moreover, that feeling of his was not unrelated to his view as to his function while he was serving as director. He wished to make as few decisions in that position as he possibly could; he wished to interfere just as little as he could with the normal departmental machinery. I confess that I think the value of the office depended on the willingness of its director to take the responsibility and to make decisions without referring them openly or, in any except perhaps the most informal fashion, to the President. It seemed to me that its usefulness was as an organization which could take quite a lot of business off the President's desk or that of other parts of the White House staff.

Currently there is, of course, a much larger White House staff than there was in those days, and the staff I'm sure does perform many of the functions of the Departments. But the fact

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that OWMR was a statutory organization with well-defined powers meant that, as with Mr. Vinson for instance, the President could place there a man of stature and distinction and could make a real delegation of authority to him. As a part of the White House staff, it seemed to me that it was well-designed for its purpose.

WILSON: That's very interesting. May I inject the issue of full employment into this? Did OWMR become deeply involved in the debate over the full employment program?

BISSELL: As I look back, I'm really not conscious of there having been much debate over this issue at the time. Remember, this was the immediate postwar. It was a period when there was considerable transitional unemployment, when the main preoccupations in the area of domestic economic affairs were inflation and production bottlenecks. There was plainly excess demand for almost everything, and so the problem was really to stimulate the expansion of production. And as of

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that time at least, it was quite clear that the only acceptable way to reduce inflationary pressure was to expand production. It was clear that the very things that you did to increase the supplies of goods would at the same time take up the slack of unemployment; and so there were really not perceived conflicts of the sort that there are today between price stability as a goal and full employment as a goal. The perceived conflict of goals is the one I've already referred to - between the freeing of the economy, the acceleration of production, and the maintenance of price stability through direct controls.

MCKINZIE: There was apparently some concern in a long-term sense about the economy once this transitional period had ended, once this pent-up demand had been satisfied. How much emphasis should we give to this as a motive? I'm thinking about the search for markets, and so on. This is perhaps too general a question.

BISSELL: Well, you're certainly right, of course.

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There was a great deal of concern, because at that juncture nobody had seen full employment or even reasonably full employment in the United States for fifteen years except in wartime; and there was, therefore, a great deal of concern as to whether the stagnation, which is the best you can say for the late thirties, would reappear and quite a widespread fear that it would in a relatively few years. I think one has to give emphasis to that as a state of mind which had a great deal to do with the full employment act. But my recollection is that it didn't have very much to do with day-to-day decisions for the reasons I've already given. As of that moment, the obvious way to attack unemployment was to expand production; inadequate demand was not as yet a limiting factor. I don't think anyone thought it would be for three or four years at least.

WILSON: John Steelman came in then as director and we've gathered that his role was to wrap up the

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operation and he did that, I understand, with dispatch.

BISSELL: Yes, he did. I think that's true. I was still there when he took office but left fairly soon afterwards. I don't think I served actively for more than a few weeks after he was in office.

WILSON: His role in the Truman administration is a little confusing to us, partly because as historians we rely on records and his records are either closed, not available, though they are at the Truman Library, or they are not very complete. There is some suggestion that he played a

very important role later as an economic adviser to the President. In practical ways. Is that correct?

BISSELL: My impression is that he did play quite an important role. My feeling is also that it was not really the role of an economic adviser, even though that might have been the way it would have been described as an official title. I have the impression that the President had come to know him well and that their relationship was a very

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informal one, as the President's relationship with John Snyder had always been, a close and rather personal one. My surmise, and this is really only surmise, is that especially after the Office of War Mobilization and Reconversion was effectively liquidated as a functioning group of people, as a staff, the President almost certainly used Steelman much more for delicate negotiations and for his advice on economic decisions with a large political content than he did as an economist. Steelman made no pretense of being an economist and I don't really think his objective judgment on issues of economic policy was particularly well-informed or particularly good. He was a person of very acute political sensitivity, and I am sure he was used much more for his political sensitivity, perhaps his negotiating skill, than for his substantive advice.

WILSON: If I may pursue that for a moment, there are suggestions from people who were involved,

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Walter Salant for example -- the Salant Papers are out at the Truman Library -- that Steelman did push a particular line of policy. We are unclear as to exactly what role the Council of Economic Advisers played, and whether their views, recommendations were not heeded by the President, and whether Steelman may not have obstructed the transmittal of the CEA's views. This is in a later period, of course. What was the status of the CEA when you came back?

BISSELL: My recollection is -- and here I would have to rely on the record as to timing -- that the Council was very new in the year that I was in OWMR

MCKINZIE: It was, had just begun.

BISSELL: ...really had just been created, and that its role was till a very limited one. My impression of Steelman is that he would have been almost instinctively rather suspicious of a group of economists; that his philosophical

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bent, reflected I'm sure in his advice to the President, would be a much more pragmatic one and much more political. That his instinct when an issue arose -- a pricing issue or a budgetary issue or an issue concerning the allocation of resources -- his instinct would have been to advise the President to seek a pragmatic, political solution and really to pay comparatively little attention to the advice of academic economists. So, I'm not in the least surprised at either the impressions you quote -- that is, that the President in those years was not paying much attention to the Council -- and that Steelman's influence would have been contrary to that of the Council.

WILSON: I don't want to infer too much and put words in your mouth, but did that attitude play any part in your decision to go back into academic economic life?

BISSELL: No, it didn't. Speaking very frankly, personalities had a bit more to do with that, although that had always been my intention. I

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came to like and respect John Snyder very much, but he was not an inspiring leader by any manner of means; I never knew Steelman nearly as well, but I did not find him a particularly inspiring leader. Both men in succession were intent on gradually or rapidly liquidating the operation. Neither of them seemed to me to have longer-run interests in economic policy. They not only were not interested in converting the office into a semi-permanent part of the White House staff, but they weren't particularly interested in the long-range policy issues. Both of them tended to be concerned with the problems of the day or the week and not to look very much further. They were both, as I have indicated, pragmatists and rather politically oriented and so they weren't deeply interested in issues like price stabilization or the future of unemployment in the country. I think my relationships especially with John Snyder, were always excellent, and I think he had confidence in me and generally supported me, although he thought I was too

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activist. So it was less a personality clash than an unpromising future for the OWMR.

WILSON: You then spent a year and a half at MIT before being called to a difficult job. What were the circumstances of your being asked to be Executive Secretary of the Harriman Committee?

BISSELL: I had known Harriman during the war. My recollection is that during the winter after I returned to MIT he urged me to come back to Washington and take a position in the Department of Commerce, of which he was then Secretary. After a good deal of travail I decided not to do that and to stay at MIT. But I had a couple of contacts with him that winter. Then the Presidents Committee for Aid was formed, and as you know, Harriman was made its chairman. The first thing that I knew about this was a telephone call from Harriman -- toward the end of July, I believe -- asking me to take this position. It was an ad hoc, one-time, and rather short-term assignment. MIT was willing to give me some

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additional leave of absence for it, so it didn't pose a difficult choice of career or didn't appear to, and I simply agreed to do it. I know he of course had had to talk this over with the committee. There weren't many of them that I knew personally, although there were one or two.

MCKINZIE: You had only known one or two members previously?

BISSELL: I had known one or two members of the Committee -- notably Granville Conway whom I'd worked for in War Shipping Administration -- but that's all. I think it was probably Harriman's suggestion.

WILSON: Perhaps this is not the proper time to raise this. You were associated with Harriman for the next few years. What was it like to work with Averell Harriman?

BISSELL: Well, I worked for him, as you know, on that committee assignment. Then in November, when most of that was cleaned up, I went back

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to MIT. I had occasion to come down on follow-up assignments a bit during the winter and saw him a few times. Thereafter, in the spring when the Economic Cooperation Administration was established, I came down as you know, and worked for Paul Hoffman. I mention that because it was really only on the Harriman Committee that I felt I was directly working for Averell, that he was my immediate boss, but I did see a great deal of him in the next few years and in a sense on many occasions I regarded myself as working for him as well as for Paul.

To answer your question: I always very greatly liked and very greatly admired Averell and generally speaking I found that working for him was highly satisfying and a thoroughly pleasant relationship. He was, I think, an inspiring leader in a sense in which other gentlemen I've mentioned were not. Every man of strong personality is on occasion difficult to work with. I sometimes disagreed with Averell. I particularly disagreed with him and his colleagues in the Paris office of ECA

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on jurisdictional matters, but these were not serious. On substantive matters I almost always agreed with Averell. He used his assistants on occasion in ways that don't fit the pattern of tidy administration, but I could say the same thing of most men that I worked for whom I've most admired. Averell would develop strong views on issues from time to time, and when he had developed them, he was very hard indeed to talk out of them. It was difficult to argue him out of a position, but, generally speaking, he was eager to be advised. He was receptive to what his assistants told him, and although he kept the final decision very clearly in his own hands, he nevertheless in effect did a lot of delegating. In the important and fundamental senses he was a good administrator. I think he knew what was going on in the organization that he administered. He placed due weight on the views of his subordinates in making up his own mind; and although on occasion he would override them and was very insistent that final decisions

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were his, nevertheless he didn't carry this insistence to a point or express it in such a manner as to hamper his subordinates and deprive them of the freedom of action that they needed to be effective.

WILSON: He had a very strong group around him -- a remarkable group of people from the information we have.

BISSELL: It was a very extraordinary and very devoted group. By and large, Averell was a very good judge of people and I think the record shows that he has attracted to himself throughout,

especially the whole latter part of his career, very able people who became his very dedicated followers.

WILSON: If we may go back for a moment to the President's Committee on Foreign Aid. At the time you were brought down, it's clear from the record, indeed from the material in the Harriman papers, that he gave you very large responsibility;

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indeed, he gave you credit for the achievement, saying it was the only one of the reports that could be read by the general citizen. That, he says, was your doing. Were the conclusions perhaps foregone at the beginning? Is that fair to say that? At the time you began, was it certain that you were going to look into the situation and come up with a program which was manageable from the point of view of American resources, and which was absolutely necessary?

BISSELL: I think the honest answer to that is affirmative. Perhaps the one area in which the conclusions were not foregone was the capacity of the U.S. really to supply the goods and services that foreign aid funds would purchase. Another way of putting it, if you like, was the inflationary impact on the U.S. of the program. And quite a lot of attention went to that by the Committee of the whole and its various subcommittees. Basically, however, the decision that had to be made was the decision that a lot of money would be appropriated

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for grants-in-aid to foreign countries.

Despite lend-lease, this was still a fairly novel notion. I think it can be said that one role the Committee was expected to play was to endorse a policy decision already made, and after all a policy decision had been made by the executive branch as expressed in General Marshall's speech.

But the Committee also had a further real function to perform which was that of having a rather conservative group of men, representing the major economic interests of the country, spend a number of months debating and discussing this concept of a costly, interventionist, if you like, activist, economic foreign policy. It did more than simply endorse other people's thinking. I think there emerged from those deliberations a kind of flavor that the policy wouldn't have had otherwise.

WILSON: Was the Committee as a whole, as it was constituted, fairly active in these deliberations?

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BISSELL: Yes, it was. It broke up into its subcommittees as you know and they were moderately active and produced reports. But the sessions of the Committee as a whole were, as I remember them, quite lively. There were as you know some sharp disagreements within the Committee that came out at one time or another and many of which were not really related to the subject matter of its deliberations. Jim Carey, then of the CIO and a youngish labor representative, was very out-spoken. But the issues on which he and Jim Batchelor of Alleghany

Steel would disagree were issues about labor policy in the steel industry. Each man separately (and both men jointly) would say, "Oh, yes, we're for this program." And they did support it. But you nevertheless had different kinds of disagreements about American economic policy surfacing in that committee, which, if nothing else, made it quite lively and did on occasion, however, threaten to make the achievement of a consensus difficult.

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WILSON: May I ask, you were brought in from outside, you had an opportunity to evaluate these 21 distinguished gentlemen, distinguished people, how did you rate them? Did you think, well, here is a representative group of Americans who have some sense of what is important, who have their priorities well in mind? Did they then in your view?

BISSELL: I think so, with one or two exceptions, very definitely. The most interesting impression I formed, and this applied particularly to the businessmen, is that the main reason for really extremely enlightened attitudes toward public policy generally was that almost all of them had had experience in governmental policy during the war. I had the feeling that if you had taken exactly the same group of men four years previously you'd have had a completely different situation, not only a different conclusion reached, but the whole tenor of the discussion would have been different. These men had all

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had the experience of grappling with problems of public policy as real issues and as these issues truly presented themselves; they had therefore pretty well given up the habit of trying to solve problems with slogans (like "balance the budget" and "nothing should interfere with free enterprise"). They were way beyond the sloganesque level of thinking and talking.

WILSON: Had they also acquired certain prejudices, certain views, from their government service about the capacity of the Federal Government or particular agencies to do or not do certain things. I'm thinking here of the independent agency question, which was solved fairly soon but caused controversy. This idea that the ECA must be a "businesslike" operation and thus the State Department was never considered as a controlling agency for it.

BISSELL: I think this attitude did reflect in some measure wartime contacts, as well as others. The wartime tradition of the special agency, created to do a particular job and presumably to be

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liquidated on the completion of that job, appealed to these men. It probably had a lot of appeal in other quarters as well.

MCKINZIE: At that time there were at least three, four active committees on this same subject. What was the relationship between these committees, including the Herter Committee up on Capitol Hill? Do you recall having any dealings with those people?

BISSELL: We did have some. There may have been a meeting when Herter sat with the Harriman Committee, but my memory is very vague on that. One would have to chase that down through the records. I do remember very definitely several long talks with Herter, myself, and

with one or two members of his staff. I'm quite sure that he and Averell Harriman had some contacts likewise. The committee that was chaired by Bonesteel, appointed by Lovett, was an executive branch committee; with that we had constant contact. I attended I think almost all of the meetings of that whole group. Members of my

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staff sat in on subcommittees of that group. And members of that executive branch committee several times made presentations to the Harriman Committee, including its final meetings when the report was virtually complete.

WILSON: Did you have any sense that the Bonesteel Committee was reflecting the views of the Department? Lovett had come in as Marshall's deputy and he had brought in immediately a number of people from the Defense Department. Because of the belief that they could get things done, I presume. Did they have authority, a clear mandate, or were they going to have to go back and fight this thing out?

BISSELL: No, I think they had authority to shape a plan, And it seemed clear that at the upper levels of the Administration the basic policy decisions with respect to a Marshall plan, a foreign aid program, had been made. Some policy conflicts, that began to be defined later, had hardly emerged

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at that time; but insofar as they were visible at all, they involved the Treasury in some opposition to a program of this kind or at least having doubts about it, but to answer your question, the group that Lovett set up there did have the authority to shape up a plan.

WILSON: One of the themes of the entire period is of course the interest, pressure, for European economic integration. Union, if you like. Was this a thing which was considered and applauded by a majority of the members of the Harriman Committee?

BISSELL: As to the members of the Harriman Committee the answer is yes, although again my recollection is that as an issue (which indeed it became later) it didn't become well defined until after the adoption of the legislation, and probably going on into late in the first year and the second year of the Marshall plan.

WILSON: If you would, perhaps, we might trace that.

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It seems to be -- well it is clearly -- one of the themes of our work and one which is confusing in a number of ways and complicated. You suggested the Treasury problem. We have the impression --and you may correct us on this -- that one problem that arose was Treasury support for what became GATT as opposed to the practical thing of getting Europe to work together, which was in opposition in principle to GATT. Was that a continuous thing, or did Treasury finally give up?

BISSELL: Exactly. No, I think that conflict of objectives persisted for a long time until well after the Marshall plan as such. It was interesting to reflect on who were the protagonists in this. The conflict, as seen in the National Advisory Council on Monetary Affairs, was -- as you have characterized it -- a conflict between regional and worldwide sets of rules and foci of monetary and commercial policy. The ECA became the strong proponent, not unnaturally, of a regional approach and a regional emphasis. The Treasury, but almost

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always with the alliance of the Economic Affairs Bureau of the State Department, were always the supporters of GATT, and they were suspicious of regional monetary arrangements and of regionalism generally. Within the State Department, however, there was a parallel but not quite identical difference of views. I think that fundamentally Dean Acheson, as Secretary of State, and most of the political officers favored the emphasis on a greater degree of unification of Europe, that is, on a regional approach. But there was a good many, and one of them interestingly enough was Paul Nitze, who tended to disagree, not so much because he was a monetary purist or a defender of GATT, but because of his conviction that the difficult problems in Europe were primarily internal national problems (that is, internal to each nation); that efforts and energy and attention should be focused on those problems, and that only after they were solved should questions of integration of Europe be high on the agenda. Those of us who wanted to place great emphasis on integration

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argued that it could be the means of ameliorating or solving the internal problems of low productivity growth, of inflation, and the like. Paul Nitze, as much the most intelligent and articulate spokesman of the other view, took the position that you had to have the German currency reform (which I think probably everyone would admit), you had to suppress inflation in France, you had to get a more liberal monetary and fiscal policy in Belgium and Italy, you had to get much more liberalization of foreign trade and relaxation of direct controls by the British, you had to accomplish these things nationally. To talk about integration was really to divert our attention and to make it easy for the European to divert their attention from making the difficult domestic policy choices that had to be made.

WILSON: Where did you stand?

BISSELL: I was very much the regionalist and integrationalist. And, interestingly enough, that was a doctrine, a position, that was shared by

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virtually all elements in the ECA. The Washington office, especially the part of it that I presided over which was really concerned with policy issues at this time, and the Paris office, were very strongly in agreement on this. Working out the drawing rights plans and later the European Payments Union, was very much a collaborative effort between Washington and Paris. (Incidentally there was a very full agreement on this between Harriman and Hoffman.) So this was one area in which there was virtually complete accord between major parts of the ECA itself. Later, Acheson, I think, rather accepted this doctrine; but even after he had accepted it,

Willard Thorp, for instance, not so much on the grounds I have attributed to Paul Nitze, but more as a GATT supporter and more orthodox economist, still objected strongly.

WILSON: Is it fair to say that some of the concern about this approach arose from the concern of some people in State that you just did not ask

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other nations to do this sort of thing, that it was intervention, politically risky, and also not traditional?

BISSELL: Well, that may have been the case. But the two grounds of opposition that I at least was most exposed to are the ones I have already outlined. I don't remember encountering at that stage many fears in the Department that Europe could become a neutralist third force. One should mention, of course, one other powerful and influential argument in favor of the pressure for European integration. This, of course, was the desire to ensure that West Germany, when it came into existence as a single territory, in effect be integrated into Western Europe, and that there be minimum possibility of Germany becoming neutralist or ceasing to think of itself as part of Western Europe.

WILSON: There were two approaches adopted to pursue this goal -- the strengthening of the OEEC and also the establishment of the EPU. I think those

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were the most important activities. I had a series of interviews in Europe last summer with a number of people on the European side, and a number of them said that if the United States had been willing at the beginning, in 1948 or perhaps even in 1949, to have exerted its power, to have adopted a policy of blackmailing Europe, and particularly Great Britain, into really taking steps toward integration, the OEEC could have become what the Common Market has become or perhaps something even stronger. Their argument was that we were all in the same boat, even Britain -- wages about the same, need for raw materials about the same (there weren't those problems about agricultural products) -- and if the United States had taken a stronger position than it did (they used the word "blackmail") much more might have been accomplished, What is your response to that?

BISSELL: Well, I suppose the U.S. could have pushed harder, but there was a very firm determination not to do so -- and for reasons that I must confess

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were proper then and that I still think were proper. As you know, within the OEEC Harriman in particular took the position that the European members of the OEEC as a European group, with U.S. observers but with no U.S. officially active participation, would have to determine how aid would be divided up. In so doing his purpose was to force decision making on the Europeans and to preclude the possibility of the U.S. making, paternalistically, too many decisions for them. From almost the beginning of the Marshall plan, this policy, or this objective, prevailed and it set the tone for the actions and positions of the U.S. on a great many matters. Insistence always that we were there to provide help, that we would put a great deal of pressure on countries to do

things that their own governments had determined to do or that the group collectively had determined were desirable, but that we would lean over backwards not to impose a U.S. position, as such, on the Europeans.

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WILSON: I see. One device, one approach used -- maybe you can correct us but I think this was a pet project of Harriman's office -- was to strengthen the representation in the OEEC. Particularly this question of Spaak's appointment as Director General, Secretary General of the OEEC. Were you unanimous about that in Washington and Paris? Harriman placed great emphasis on that.

BISSELL: That's true. I think it was more a Paris office than a Washington office initiative, but I think it was one that in the Washington office we agreed with. There really wasn't any division there. I used to be a little impatient with Averell on occasion because he placed emphasis on the distinction between ministerial level and senior civil service level in Europe. In one sense, of course, he was perfectly right to do so, because this is a distinction which is much sharper in European governments than it is in our own. There, a man is either an official or he is a minister, and the distinction is very clear. In dealing

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with the permanent Paris representatives of the European governments one was dealing almost entirely, I think without exception, with officials. They didn't any of them have a ministerial rank, and Averell was very eager to have a Director General, or whatever he came to be called, who would have in effect ministerial rank -- either currently in his own government or who would have served as a minister.

WILSON: Yes. It was a British opposition, I gather, to Spaak that prevented his appointment.

BISSELL: That's right. The British really didn't want the OEEC strengthened and most of the continental countries did, as did we.

WILSON: Another point that came up repeatedly last summer was the statement that one major problem, major roadblock, preventing the strengthening of the OEEC was this so-called "special relationship" between Great Britain and the United States. The British, they said, could in the

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end trade on this and could be confident the United States would not push them too far. Did that exist?

BISSELL: I think that it undoubtedly did, and I'm sure it was one of the motives of the British. The special relationship was still very real, though in some ways it was less so in the workings of the Marshall plan than in most other areas of foreign policy at that juncture.

MCKINZIE: Perhaps we might return to your own career for a time. You soon after your service with the Harriman Committee became Assistant Administrator of ECA. Did this involve a major decision about MIT, for example?

BISSELL: Well, it turned out to, but it didn't appear to be at the time. I think the reasons this happened is that I had known Paul Hoffman somewhat before the Harriman Committee, as I remember, going back to the early part of the war. He and I became really very good friends

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during the Harriman Committee sessions. When Paul was appointed, he called me in Cambridge, one Wednesday morning I remember, and said he wanted me to come down. In those days air travel was a good deal less common and the rail journey was eight hours; so I said, "I'll tidy up my affairs and I'll come down tomorrow."

He said, "No, I want you here tonight." Rooms were almost impossible to get in Washington, and he said, "I can't get you a room here, so you can come and share my room, and we are going to have the first meeting of the ECA at breakfast tomorrow morning."

I rolled into bed about 2 in the morning and appeared for a business breakfast in the next room five hours later. I had agreed to come down for the weekend and perhaps a day or two of the following week. And he refused to discuss that question of time at all. Of course, he himself had been in Washington only two days (I think I was about the fourth member of the organization). It happened that I had much more

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recent contacts with the workings of the Government than any of the others, and so in really the first few weeks, Paul was mainly busy recruiting people and I was in effect running the shop. We already had an accumulation of procurement authorizations that had been made out to be signed, and by Friday afternoon I had obligated over my signature 35 million dollars. I continued to be the signer of those documents for almost a year. It was a very helter-skelter beginning. After a couple of weeks Paul being very insistent, it became clear to me that I would have to stay with it for at least a year. So I got another leave of absence from MIT, and that is the reason I say that it didn't appear to pose a critical career decision. That happened some two years later when I actually did go back to MIT and teach a seminar in the summer of 1950; but at that moment the Korean war broke out and no one knew where it was going to lead. You remember, price controls were re-imposed, a whole series of export controls were instituted, some

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limited allocation -- this added a whole new dimension to the European Recovery Program but more particularly there was a renewed sense of crisis of the sort that all of us had felt during World War II, and it was really in that afternoon that I decided to give up the MIT connection and stay on more or less indefinitely.

WILSON: Would you say that Hoffman fell into the category of inspiring leadership?

BISSELL: Oh, very much so. No doubt about that.

WILSON: Was he able to project this sense of dedication and idealism?

BISSELL: He was very effective in so doing, both with the Americans in his organization and with the Europeans. In fact Paul was less subtle, less sophisticated in the ways of diplomacy, a great deal less, than Averell. Averell had a superior understanding of the balance of power and the power structure within each of the

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European countries. But Paul's idealism was really very apparent to everyone he dealt with, and I think he really earned the affection as well as the great admiration of the Europeans -- including some very sophisticated and very experienced political figures.

WILSON: To what did you attribute at the time his support for such "non-businesslike" ideals as European unification?

BISSELL: I don't think that Paul personally and individually originated the goals or the important concepts that grew up in the course of the program. I think these grew up really in his staff; I think Averell had more to do with originating them perhaps than Paul did; but Paul grasped them very readily, developed an extremely good understanding of them, and became their eloquent spokesman. Now, you say why did he? What were the traits of personality? I think mainly that he's a very idealistic and a very public-spirited person. This he had

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displayed long before the Marshall plan, going back to, for instance, the formation of the Committee for Economic Development and his great concern during the war years with the problem of unemployment and with an expanding postwar economy, Paul had really made himself the leader, the first leader, of the liberal wing of American business. In some ways perhaps he has been eclipsed in that role, since certainly there have been many, many others who have followed him. But he was the original leader, I would say, of that very important group. So he had a deep concern with public affairs and with the national wellbeing. A great deal of idealism.

WILSON: There was a sense, it's clear, certainly at your level, at the top level, this shared sense of idealism and confidence that the program could be carried forward, Did that, in the beginning at least, did that permeate the organization? For example, how easy was it to recruit people?

BISSELL: It was very easy. It was a glamour agency

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for a time. And I think the answer to your first question is that this idealism permeated very far down. It was, had to be in its early period, a very hardworking organization. Moreover, as long as it was ECM, it never became a large organization. My recollection is that at the end of the second year there were about 2,500 employees worldwide. Well, I say worldwide but I mean U.S. and Europe. That included the Washington office, the Paris office, and all the country missions. Of that, I would think we probably had on the order of a thousand people in the Washington office. Well, even in those days, for the Federal Government this was fairly small.

WILSON: How long did this sense of unity and common purpose last? Until the end of Mr. Hoffman's tenure?

BISSELL: Well, certainly that long, and I think some distance beyond, but I believe that by the time I left there, it had begun to fade. There were various reasons. Hoffman had left. His

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successor was -- now let me see, what was the succession? Bill Foster was, I believe, his successor.

WILSON: I believe so.

BISSELL: Foster and Harriman of course were very close, got along extremely well, and Foster in my view was another really inspiring leader and also a very good administrator. Then one of the developments which began to change the character of the ECA as an organization was the signing of the North Atlantic Treaty and, more particularly, the building up of NATO -- that is the organization. As you remember, this meant for one thing the establishment of a NATO headquarters in London which in many ways was a rival to the ECA headquarters in Paris. There was certainly a competitiveness -- some competition for resources, quite a lot of competition for attention. Averell's own interests shifted more and more to NATO affairs and away from more narrowly economic ones.

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The whole justification and rationale of the program as we presented it to Congress had to be in relation to the rearmament of Europe and helping the Europeans.

WILSON: Defense support.

BISSELL: Defense support, right. This became the rationalization. Not only did this take the bloom of idealism off the program for some individuals, including incidentally Paul Hoffman himself, but it meant that organizationally to a degree the ECA was eclipsed by elements in the State Department and, to some extent, the Pentagon, which had, of course, the primary NATO responsibility.

MCKINZIE: Was there much concern within ECA that the new priorities would affect the reconstruction of Europe as they had originally envisioned it?

BISSELL: I don't really remember how much we were worried about that. We were of course concerned

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with it, but I don't really think there was any disposition to question the necessity of the rearmament. Many of our efforts in the early stages, as you know, were toward stimulating offshore procurement, so that the rearmament would stimulate military production in Europe.

WILSON: I asked that earlier question about how long it lasted in part because of a comment made last summer by Ambassador Tasca -- I saw him in Athens. He was propounding a very interesting theory that all agencies of this kind are organic in nature, that they have a birth, they go through a period of maturity which is very appealing to a great many people (many people from outside, who have positions to which they can return), and then rather rapidly these institutions ossify and that makes it less appealing to people of that kind. Would you agree with that?

BISSELL: In general, yes, I would.

WILSON: As a corollary to that, how much of the bloom

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was taken off by the involvement of Congress, by the kinds of restrictions which Congress tended to place on these fairly idealistic goals.

BISSELL: I don't think too much. Most people realized they had to live with that, I believe there were two sets of forces at work -- first, those that Henry Tasca refers to; these are apt to be found in almost any kind of an organization, especially if it starts out with a glamorous beginning. It attracts all sorts of people from outside. And then it stabilizes, it establishes standard rules and procedures for its operation. The operation becomes more repetitive, with less opportunity for novelty, for innovation. Then, often the best people, who have come from outside, go back to whatever else they were doing or shift on to something else. This is a sequence that one finds operating internally in almost any organization and it's very difficult, I think, to prevent it. It can be done sometimes. The other set of forces here were the first ones I

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referred to. The attention shifted to NATO and finally, of course, as a logical corollary of that, the Mutual Security Administration was established, The ECA was simply a part of the Mutual Security Administration. The ECA as such didn't become that; there really was another layer imposed on it. By that time when Harriman was back in Washington, with his own office in Old State, the ECA was in a different building, subordinate in a sense to Harriman's staff, Harriman's staff governing the ECA as an economic arm, the military aid operation being conducted partly in State and partly in Defense. I think by that time the ECA as such and its particular programs had really pretty well lost their glamour; it's fair to say that by that time it was in Harriman's own office and staff that there remained opportunities for influencing policy significantly -- perhaps for innovating or for proposing innovations. Those opportunities had virtually wholly ceased to exist within the economic arm. So it was quite logical that by then the agency should

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have lost a lot of its best people and ceased to be an outstanding organization.

WILSON: We've raised the question of the agency's relationship with the State Department and the Treasury. One of these that goes through this period is the relationship with the Defense Department -- particularly the role to be played by the occupation authorities as representing Germany. That was a thorny problem throughout. What was the Washington office's view of

Clay's role, the effort to integrate Germany within the OEEC but also to make it no more than equal in the OEEC?

BISSELL: We strongly favored that objective, as you have said. And I think it's fair to say that we, perhaps even more than Harriman in Paris, found ourselves frequently in conflict with Clay. One of the more interesting episodes of the whole period from my personal point of view was my membership in a three-man committee -- with

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George Kennan as its chairman and Tracy Voorhees from the Pentagon as its third member -- to work out the termination of the military government and its replacement by the High Commissionship. This was a most interesting period and the three of us, with one or two rather violent episodic exceptions, got along very well. This was a little mentioned role of George Kennan's but one of the most important to be played in this whole period. He was brilliantly effective. He went over to Germany and talked to a lot of Germans and really more than any one individual was responsible for the concept that then became the High Commissionship with Jack McCloy. As I remember, I served there more as an individual than in any sense as a representative of ECA, but one of the results of the new arrangement, of course, was to achieve what we had wanted with respect to German participation.

WILSON: Is it fair to say that OMGUS, that's Clay's office -- Wilkinson and those people -- did act as

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representatives of the Bizone rather than act in the larger sense. That they were advocates of...

BISSELL: They were. On the other hand, by the time McCloy was there (I guess it was early in McCloy's term that the German currency reform came about) really, especially dating from that time (and McCloy's arrival) -- the Germans had much more of a role in OEEC than they had under Clay. McCloy and his staff were a good deal readier to behave as Europeans than Clay.

WILSON: Dean Acheson refers to McCloy's status as High Commissioner as "a sacred charter," that is, that he had very strong authority.

BISSELL: Yes, he did.

WILSON: Indeed, sole authority in a way on ECA operations. Was that a considerable concern?

BISSELL: You mean in Germany?

WILSON: Yes, in Germany.

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BISSELL: Yes. But my recollection is that that went pretty smoothly. His authority was strong and it was recognized, but I don't remember many cases of conflict. There were times, certainly,

when McCloy or his people spoke up for more money for Germany, but in so doing, they weren't behaving any differently than the French or the British or the Italians or anybody else.

WILSON: One of the crucial issues that came up under the ECA was the German policy -- the Erhard policy -- of really turning things loose, of unleashing Germany. This caused considerable difficulty for awhile. It had, we now know, tremendous effects. Was the Washington office concerned or in opposition to this policy?

BISSELL: My recollection is very dim on this point but insofar as I have any, the answer is negative. I don't remember being concerned about that.

WILSON: If you do recall, what was the genesis of Mr. Hoffman's speech when he went to Europe in

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November, 1949, and really emphasized integration -- a cardinal episode in the striving for integration? Did you have anything to do with that?

BISSELL: Oh, yes. We wrote that speech in Washington. Paul always did a good deal of work on his own speeches. It embodied our ideas. When we got to Paris there may have been a few changes that were suggested by some of Averell's people or by Averell, but, basically, on that occasion Paul was thoroughly backed up by Averell. And by a very strong feeling by people like Linc [Lincoln] Gordon that this was the right line to take. Then we got a cable from Washington saying that the State Department bitterly objected to the draft. I remember the discussion in Harriman's office and, ultimately (I 'm not sure he'd admit it to this day, but in my view to his great credit), Averell said, "Paul, I'd go ahead and give the speech regardless." That was done, although Paul went back and insisted that the Department specify certain remarks that they didn't like, which they did. There were a few

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changes made in deference to those, but by and large he gave the speech as it had been written. The State Department had, I seem to remember, withdrawn formal objection in the light of these modifications but it was not regarded at all sympathetically in Foggy Bottom.

MCKINZIE: There comes up in all this the question of East-West trade -- some differences in position on the part of Washington and some other views expressed by the member nations of OEEC. Do you have any specific recollection about that or any judgment in hindsight?

BISSELL: There was a lot of discussion of this as an issue at the time of the Harriman Committee, let's say, before the program was actually initiated. I remember, for instance Walter Lippmann and a number of economists expressing the view that Western Europe could never recover unless East-West trade was restored. So, at the very beginning of the Marshall plan I suppose there was in the minds of most of us a presumption

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that, as far as economics were concerned at least, East-West trade should be encouraged. My impression is that first of all we were too busy at the start to try to do much of anything about it but that with the outbreak of the Korean war, chilling and sharpening of the cold war, a recognition that there was a serious split in Europe that was going to persist for the duration of that program, the view came to be generally adopted that there wasn't going to be very much East-West trade for a good long time; that the planning with respect to Western Europe should be on the presumption that there would not be a restoration either of East European markets or of East European foodstuffs.

WILSON: One of the themes that Governor Harriman stressed -- at least as revealed in his papers -- was the question of raw materials, strategic materials. Particularly he was interested in dependent territories. We're not exactly clear as to how far that went or why it didn't go much

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further than it did. Was it a matter of the press of events? Or was this a policy decision that the ECA should not involve itself in a large way?

BISSELL: According to my recollection, it was more the press of events than it was a deliberate policy. I'm sure that's true for the first year. When the program was a bit better organized and there was a little time and attention left over from the running problems -- especially intra-European trade and monetary problems -- Harriman in particular -- in my view to his great credit -- began to be increasingly interested in the dependent overseas territories. You remember he had Bob Blum in the Paris office with some sort of responsibility for them. We in Washington were very much in agreement and I know I began to be much more concerned with the problem as we became increasingly aware of the fact that France, for instance, was providing more aid to its D.O.T.s than it was receiving under the Marshall plan. So it was quite apparent that the

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burden of the Marshall plan on the U.S. was to a significant degree dependent on what the European countries -- but particularly, of course, Britain and France -- were doing in Africa or Asia. I don't remember we ever evolved a very coherent policy on D.O.T.s. Perhaps it was because by the time we began to know more about the problem and concern ourselves more with it -- and indeed by the time we began to be concerned about the burden of the overseas territories on the European countries -- the Korean war came along and there really wasn't time to.

Now Harriman had another concern, going beyond any political implications of the burden of the overseas territories. It's the one you just referred to. He believed at that time, and I did as well, that as European recovery progressed and Europe's standard of living recovered, we were going to find that the shortage of foodstuffs and raw materials worldwide were a very severe limiting factor. Our fear quite frankly in the early fifties was that food and raw

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material prices would go way up and the terms of trade would turn against North America, and Europe, and the industrialized areas, which could do a great deal of damage. To a great extent we were thinking along those lines because of what happened on the outbreak of the Korean war --

this was really post Korean war thinking. Neither we nor anybody else began to be much worried about this problem until the commodity-agricultural price inflation detonated by the war.

WILSON: The emphasis we're aware of before the war concerned strategic materials. That's quite good. Well, we've covered the waterfront in some ways, but perhaps you've been sitting here thinking: "Well, now, why don't these people ask me about this, because this is really the important thing that I was engaged in or that I think came out of this experience." We'd be very appreciative if you would mention anything that does occur to you.

BISSELL: I'm really not sure. I think your questions

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have covered most of the matters that are of interest. I'll voice one or two general observations on the Truman administration as a whole, because with the exception of a relatively few months at MIT, I was in Washington for most of it. In its early months there was much emphasis in public commentary that by contrast with the latter years of Roosevelt's presidency the Truman administration was going to be a very political administration. This was a criticism of what people expected to happen. I had no close view of affairs until I moved into the Office of War Mobilization and Reconversion, then in the few times that I met the President (but the more frequent occasions when I was intimately aware of what action he took and on whose advice and why) I formed a great admiration for him. That period of immediate reconversion in Washington was one in which a great deal of the Government machinery was being dismantled. Programs that people had come to be involved in emotionally -- like price stabilization -- disappeared. At least

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in Washington there was something of a sense of letdown. My feeling is that then, beginning really with the Marshall speech and the eight months in which the Marshall plan was being generated within the U.S., it was seen as a very notable initiative on its own. Not only was it one that turned out to be successful in its objective, but it had a much broader significance. I feel it had a wider impact on the climate of opinion in the United States than perhaps we realized at the time. Certainly, looking back on it, that seems to me to be the case. There was a prodigious educational operation undertaken in preparation for the Marshall plan and then in support of it during its first two or three years. That effort had a great deal to do with the broad and deep interest in this country in foreign affairs and in the rest of the world during the period. Then, of course, came Korea, a profound sense of shock, and a different kind of impulse again toward an interest in foreign affairs and the rest of the world. My feeling is -- and my observation

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is anything but original -- that by the last year of Mr. Truman's second term, the ebbing of the tide was very visible in Washington. There had ceased to be in foreign affairs as clear a sense of direction.

My last participation in public affairs while he was still in office was to serve Averell Harriman on a committee of three with Paul Nitze and Frank Nash. (Frank Nash, you'll remember, was later Assistant Secretary of Defense for International Security Affairs. He was I believe the first

person to hold that position; an outstanding individual) The three of us after the election were given the task of writing a kind of final report, an assessment of the military-economic situation and balance as between East and West. Actually, this was addressed primarily to issues of U.S. military strength, NATO and Allied, military strength and military and economic aid. What resulted was a pretty good document. It was eventually signed by Acheson, Harriman, and Foster, who was by then Secretary of Defense.

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It turned out to be a wholly uninfluential document because the Eisenhower administration was anything but sympathetic to it. My feeling in writing it was in some manner a sense of futility -- a feeling that the impatience (some faint parallel with the present situation) with the Korean war had caused a great deal of skepticism about just the sorts of objectives to which that report addressed itself. Certainly, at that juncture and for many years thereafter I thought that the beginning of Truman's second term marked a kind of a high point, a time in which it was exciting to work in the Federal Government -- people did have a sense of direction -- and in which there was a sense that the country was enthusiastically behind what was being done.

WILSON: Good. One of the remarkable points, of course, is that so much of this was in the last ten months before the election of 1948. You must have been aware of what might happen if Dewey came into office and might throw the whole program out?

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But there was a sense of, going ahead anyway? How much awareness was there -- not that you know anything about it?

BISSELL: You're talking about the end of his first term?

WILSON: Yes, the first term.

BISSELL: I think that within ECA there were a strong feeling that that was a sufficiently bipartisan program that we weren't really very worried whether a Republican administration would seriously modify it. I may say that I had no such feeling of confidence at the end of his second term.

WILSON: I can recognize your sense of futility because -- though, of course, we have not seen this document -- we had some understanding of what went into it. There was an enormous effort to prepare the transition from the Truman to the Eisenhower administration which was just ignored.

BISSELL: That's absolutely correct. One of the

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great contrasts to those who observed it close at hand was between the manner of transfer of power from the Truman to the Eisenhower administration and the manner of transfer from the Johnson to the Nixon administration. The incoming Republican, Eisenhower, was a man for whom I shared the national admiration. I came to know him a bit more (I'd known him before the

campaign) in the Presidency and saw him on a good many occasions. I liked and admired a number of men in the Eisenhower administration, especially during its later years. But the Eisenhower administration that first came into office was determined to accept nothing from the outgoing Truman administration, to accept no people or as few as possible, to accept as few ideas as possible, to regard change as desirable for its own sake, There was a suspicion of civil servants who remained on, notably in the case of John Foster Dulles at the State Department but also in the case of Harold Stassen. I think I was one of the relatively few exceptions. I

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had left the Government and was working for the Ford Foundation but I was a consultant to the Mutual Security Administration and was quite active in writing that final report. Stassen used me extensively as a consultant in his first months and then asked me to come back into the Government, but I was the distinct exception. The demoralization in the whole executive branch was very severe in that period. I was not in Washington when the Nixon administration came in, but from everything I've heard -- whether one admires our current President or not -- the manner in which his administration took office was just vastly more civilized and more rational than in the preceding case. A much more conscious effort was made to preserve continuity instead of disrupting it.

MCKINZIE: In actual fact, Stassen made some rather startling departures in the way the aid program operated -- one of which involved technical assistance. He blew that up with a lot of money and

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perhaps injected more money than that kind of program could use efficiently at that time. This leads me to ask: What kind of thinking in ECA there was about technical assistance. I realize this was mainly a European program -- that makes it different -- but there surely was some discussion of technical assistance to European areas.

BISSELL: There was some, and actually the ECA administered a few small programs in the Far East, notably one on Formosa. I don't know what there is to be said in answer to your question. I think that we were very positively concerned with what amounted to a technical assistance program in Europe -- aimed at increasing productivity. We had some big meetings in Washington about that and quite a few exchanges of experts -- things of this sort. I think I have to say that I as an individual was not very much preoccupied with that aspect of the program and I don't think we did much original thinking about it.

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WILSON: This has been very helpful in a number of ways. As you know, much writing about this period is of the variety that emphasizes the selfish and the narrow motives of individuals and of groups, in particular the Wall Street-Washington axis. Obviously, there were instances of Senators saying; "Well, I represent the tobacco interests and you've got to sell American tobacco," and so forth. But I gather you think that through most or all of the period there was some sense of dedication to a public policy, a policy that would serve the general interest of the United States rather than the particular interests of individuals or groups?

BISSELL: I feel very much so. Through this period.

WILSON: No evidence of a military-industrial complex

BISSELL: I didn't feel so at all. I was not in a position where I had any reason at that point to deal with the industrial part of the so-called military-industrial complex, because any military

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procurement was done in the Pentagon. For reasons having to do with the whole background and, genesis of the Marshall plan, those of us in ECA tended to be somewhat suspicious of the military aid programs rather than being strongly and affirmatively involved in them. Having then said that, there was a great deal that I was not in a position to experience; I had the impression there was not strong feeling for rearmament in Europe. The impulse for military aid as well as economic aid came emphatically from Washington, from the Government, and was not the result of any sort of producer pressures on the Government.

WILSON: Very good. Thank you.

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