

Oral History Interview
with
SAMUEL P. HAYES

Held various positions in the United States Government in Washington, Algiers, London, Scandinavia, mainly for the Foreign Economic Administration and the State Department, 1942-45, 1948-51; chief, Special Technological and Economic Mission, Indonesia, 1951-52; assistant director, Mutual Security Agency, Far East, 1952-53.

New York, New York
July 16, 1975

by Richard D. McKinzie, Harry S. Truman Library

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MCKINZIE: Dr. Hayes, would you explain why you decided to enter Government service in the first place in 1942? You had already a very good start on what appeared to be a quite distinguished teaching career.

HAYES: Well, I had been teaching but I had also gone, for a period, into advertising. My doctoral dissertation was a nationwide survey of political attitudes and voting behavior, and this was close to what George Gallup had developed in

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the Gallup survey. Mine was before his period; mine was in the presidential election of 1932. He was the Director of Research for one of the major advertising agencies here in New York, and they invited me to join their research department. I wanted to get this kind of experience, so I spent a year and a half there after teaching at Sarah Lawrence College. Then Pearl Harbor came along at the end of '41, and I looked to see what I might do. I went down to Washington in '42, when I entered Government, starting with some of the domestic economic agencies, War Production and OPA. I then moved into the Lend-Lease Administration and served abroad and in Washington for Lend-Lease and its successor agency, the Foreign Economic Administration [FEA].

MCKINZIE: Was this something you consciously sought

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to do?

HAYES: Well, I wanted to be involved in the national effort somehow. I guess that the motivation on the Lend-Lease side was the recognition of the burgeoning importance of international elements in our whole life and an interest in being part of that.

MCKINZIE: One thing that every historian tries to figure out when he looks at the work of anyone who served in Government is whether or not that person went into Government with a clear-cut idea about relations between nations of the world. Were they unreconstructed Wilsonians? Were they balance of power advocates? Did you have any strong feelings about international structure and organization at that time?

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HAYES: No, I really didn't. I was functioning as an economist, trying to utilize economics in the service of whatever policy was adopted. I didn't really have any view of world relations other than trying to achieve successful results in World War II.

MCKINZIE: The Foreign Economic Administration was the operating agency for Lend-Lease for quite some time.

HAYES: Well, it was the successor agency to Lend-Lease. There was the Board of Economic Warfare; there was the Office of Foreign Rehabilitation and Reconstruction Operations, or something like that, OFRRO, which Governor [Herbert Henry] Lehman headed; and there was Lend-Lease. These were all separate at the time I went to North Africa in June of '43.

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I don't remember just when they were merged, but that fall or the following winter they were all merged into a single agency, the Foreign Economic Administration.

MCKINZIE: Were you at all inclined to stay with that organization at the end of the war?

HAYES: Well, the organization itself was disbanded, essentially; a few remnants were taken into the State Department. I didn't see any real opportunity. If somebody had said that here's an exciting post on the economic side of State, Commerce, Treasury, or something, I think I might have considered it. But the fact was that a man whom I had worked for in North Africa, Dr. Ralph Watkins, had become the Director of what was called a "Marketing Research Service," a kind of a business information

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division of Dun & Bradstreet. We having worked well together in North Africa, he invited me, as soon as I wanted to leave Government, to come up and join him and help set up this new operation at Dun & Bradstreet. I had thought that that looked like a lot of fun, and it's good to get in on the ground floor; so I didn't hang around in Washington.

MCKINZIE: During the three years that you were with Dun & Bradstreet, did you have close contact with people in the State Department and Commerce Department who were concerned with international economic matters?

HAYES: No, really no contact at all. The people that had been in the lend-lease efforts and FEA sort of scattered. We had an annual get-together for the people who had been in North Africa

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together, and on a personal basis I saw some of these people. But they were practically all out of Government by then.

MCKINZIE: Any person concerned about matters of the world couldn't help but be worried during those years. Did you pay particularly close attention or was your work with Dun & Bradstreet of such a demanding nature that you didn't have a lot of time to devote to that?

HAYES: Well, clearly, I was doing a certain amount of reading and paying some attention, but I wasn't going to Washington, I wasn't participating in conferences, I wasn't doing any writing in the international field.

MCKINZIE: Then what brought you there in 1948?

HAYES: Well, I felt that the work in Dun & Bradstreet

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was interesting, and I had very good personal relations with the people involved, both the head of the company and my supervisor. Still, I felt that the work was beginning to pall, and actually I talked to a guy at the Social Science Research Council and said, "I'd like to get into more professional social science research." He said, "How would you like to go out to Rand? They're filling up a social sciences department at Rand." I went to Rand, and they offered me a job in the social science department. I consulted with my former professor and kind of patron, Willard Thorp, who was Assistant Secretary of State and who had been at Dun & Bradstreet, helping set the new division up (he had left before I got there). He had also been my major professor at Amherst. He said, "Well, if you're going to

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leave Dun & Bradstreet anyway, come down and help me. I couldn't have invited you and taken you away from Dun & Bradstreet because of my personal relations there, but if you are leaving anyway then I can invite you." So, he invited me to join him in Washington and I chose that as much more exciting -- and closer; I am not really a Californian.

MCKINZIE: Could you narrate what happened to you when you went to Washington in 1948, talking about your relationship with Willard Thorp and the economic people in the State Department?

HAYES: Well, it was a very exciting time to be there. Of course, the Marshall plan had been authorized in December of '47, so there were task forces. One of them was chaired by

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Ernie [Ernest A.] Gross, planning the details of the program. Although the overall concept had been authorized, they still had to come up and get appropriations for so much money for such and such kind of thing, and all sorts of policy questions had to be thrashed out. I was involved somewhat in those activities. In fact, when ECA got to the point of getting ready to set up its missions in Europe, they borrowed me from State for a few weeks. I went to France and to the Scandinavian countries, and another fellow, John Cassels, went to England and the low countries. We talked with our Embassies in each country about what ECA was going to be doing in their country, what staff they already had, and what additional staff, functions, and people would be necessary. In other words, it was sort of a preparatory mission to soften up the

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Embassies, who weren't very eager to have ECA missions suddenly descend on them. In fact, one of the Embassies we went to said that they could handle the whole thing themselves; they didn't need anybody else.

MCKINZIE: Did you have any feeling when you talked to people in the missions that they somehow expected to use the ECA for political purposes, as a kind of an economic leverage that they didn't then have?

HAYES: Well, I don't think the people in our Embassies had that kind of manipulative approach, but quite a number of the people in ECA did. They said, "Now, we've got real strength; we can force the governments to do things. We can force them to control their inflation, we can force them into an integrated Europe, we

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can bring about all sorts of changes that look desirable to us, because we've got so much leverage." I think there was quite a bit of this on the side of the ECA people, but not so much on the side of the Embassy people. The Embassy people were generally pretty traditional, pretty limited, pretty much reporters rather than actors.

MCKINZIE: There's still some confusion about the priorities among the many objectives of ECA. One of the objectives was for some kind of economic integration or a greater degree of it than was in existence. Where did that come in priority? Averell Harriman, special representative, talks about it and yet in critical moments doesn't talk about it. You were in these very early planning sessions; were they talking about it?

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HAYES: I don't remember that there was much discussion of this in the early planning sessions. It was pretty much economic recovery activity rather than integration activity. I'm sure you've talked with [James] Harlan Cleveland or will talk with him; he would be particularly articulate and informed on this, because he was in it much more deeply than I was and for a longer period of time. It was not a high priority in the period that I was involved, which was the very early period, '48. I then got back into ECA in 1950, when I saw that this was an entirely different area, different philosophy, and so on.

MCKINZIE: According to the revisionist school, if the Communist threat had not existed, it would have had to be invented. That thinking was based upon the assumption that there were

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imperatives of "capitalism American style" in 1947 and 1948. Studies can be cited from CPA [Civilian Production Administration], the successor of the War Production Board, which projected a recession in the third quarter of 1947, that the European nations were down to their last few millions of reserves, and that there would be disastrous economic consequences. This revisionist theory then holds that the Marshall plan (ECA) was for self-serving economic as much as for or more than for international political purposes. How did you see it on the spot?

HAYES: Well, I thought it was clearly in the U.S. interest that there be a healthy, productive Europe, sure; that their recovery was desirable and helpful for us. It isn't as though there was no evidence of a Communist surge. When you

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look at the Italian elections, for example, and France, in both countries they were coming on strong. And what would have happened if we hadn't come in? Who can tell? I think there was a pretty real phenomenon there which we were perceiving.

MCKINZIE: I take it from your comment that you accepted the idea that economic adversity stimulates communism.

HAYES: Well, I'm not sure that I would go that far. I think economic adversity tends to stimulate criticism of whatever Government is in power, if it's adversity in the sense of going down from a standard that one's had. People are then likely to be critical of the Government.

MCKINZIE: After you made this tour of Embassies,

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laying groundwork for the ECA missions, how did you keep in touch with ECA?

HAYES: Well, not very closely except through some personal friends; I mentioned Harlan Cleveland, and there were others whom I had known for a long time. They did have some operations going on in certain of the underdeveloped countries which were very similar to what the Point IV program was planning to undertake. I got involved in the Point IV program very deeply right from the beginning. I would sit in for Willard Thorp in various kinds of meetings, and one of the kinds of meetings was the meetings of the Institute for Inter-American Affairs, which was essentially a technical assistance program in Latin America and which was the model which Ben [Benjamin H.] Hardy drew on in making suggestions that eventually got into the President's

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speech. When the President made his speech and proposed the fourth point amongst the others, it took most of us in the State Department by surprise. There wasn't any real consultation -- with Willard Thorp on economic matters, for example -- about it. But when the President made the speech and something had to be done, he turned to the Secretary of State and said, "Look, I want you to implement this."

The Secretary turned to Willard Thorp and said, "Well, you're in charge of economic affairs; it's up to you to implement this."

Willard Thorp, who had fifteen different things, turned to me and said, "I want you to go full-time on this."

So, I was involved full-time. We set up an interdepartmental committee called the Advisory Committee on Technical Assistance. It

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had regular meetings and position papers prepared on various elements of the program, policies, and implications. It reviewed these as the committee sat and developed the whole philosophy of the operating plans for the Point IV program.

MCKINZIE: Who was this man, the Ambassador to Nicaragua?

HAYES: Ambassador [Capus Miller] Waynick?

MCKINZIE: Yes.

HAYES: He came in afterwards. There was a period of preparation. The President announced this in January of '49. We went to work on it during the spring months of '49 and into the summer. When the Congress did not approve the legislation by September or October, when they

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went home, the State Department set up a temporary unit called Technical Cooperation Division, I think, TCD. It was in the Department, temporary, under its own authority, and Waynick was called to head it. We worked with Waynick in this intervening period, from November of '49 to June or July of 1950. The legislation was passed in June of 1950, and then TCD was transformed into TCA, Technical Cooperation Administration, under the authority of the Act. Then Dr. [Henry G.] Bennett was brought in as administrator. So, Waynick was an intermediate step in this process.

MCKINZIE: But there was this interdepartmental planning group which preceded him?

HAYES: Yes, it preceded Waynick by six, eight, or nine months, or something like that.

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MCKINZIE: Dr. Hayes, was there anyone who suggested that it ought not to be taken very seriously? I understand that if the President says, "We are going to do this," something has to be done. But on the other hand, there can be something we can label "bureaucratic inertia," or something called slippage, I believe, between decision and action. Was there any feeling that that ought not to take place and that this was not really a thing that the State Department had to be involved in?

HAYES: Well, there were plenty of our Ambassadors and traditional Foreign Service officers who thought this was just foolishness. Within the Department, even within the economic part of the Department, there was resistance to anything involving large sums of money. There was resistance right at the beginning, the business

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of Hardy having proposed this and Acting Secretary of State [Robert A.] Lovett having vetoed it. Jack [Jonathan B.] Bingham has a little different story in his book from the one that I heard. I

didn't know it from my own knowledge, so my story may be wrong. The story that I heard was that Hardy submitted the idea, along with the rest of a draft of Truman's speech to Lovett, who was Acting Secretary at the time. Lovett said, "Well, the first three points are fine, but the fourth one would cost money; I won't approve that." So, the text went over to the White House with only three points in it. But Hardy had slipped a copy to a friend over at the White House previously, and when a friend saw the draft as approved by the State Department having only the three parts, not the four, he called about it. My story

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was that it was Clark Clifford who called up and said, "Where the hell's that fourth point? That was the best part of it."

So, they put it back in over Lovett's objections. Well, Lovett's objection is in Bingham's book, but the course of events is a little bit different. Anyway, Lovett did object because it would cost money. The Truman statement in the fourth point speaks about making our technical resources available. There was implicit in it not simply technical cooperation but financial resources. The people in the Treasury and the OFD, Office of Finance and Development Policy in the State Department, all argued against any financial aid. They thought it should be purely technical aid. Congress eventually passed a second piece of legislation which provided guarantees to assist

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the flow of private resources, but it was not substantial aid in the sense of hundreds of millions of dollars to go to countries needing to build dams, power systems, and so on. I don't think that the ECA people were opposed to this. In fact, ECA people kept arguing, "If you're going to do anything effective in these countries, you've got to have both technical assistance and financial resources. Find out how to do something and then provide the resources with which to do it."

MCKINZIE: At this same time, related directly with what you were talking about, were there any people that were arguing that rather than technical assistance, what you needed were massive injections of development capital? That is to say, if you put in the capital, the technical capability would somehow materialize.

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Once in a while I've even seen some people talk about the two schools, those who believe that the way to develop was through the massive capital projects and the other, which was to build what were called economic infrastructures on which you could then become more sophisticated. Is that too neat a division for what was going on at that time?

HAYES: Well, I don't remember anybody saying that all that was needed was massive economic aid. I think everybody recognized the importance of the technical assistance component of ECA's program in the underdeveloped countries. In fact, even in the rich countries, there was the European Productivity Program, which was a technical assistance program for

England and France and other developed countries. So, the technical component was, I think, recognized

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by everybody that I remember. But there were a lot of people who said, "The U.S. can't afford to get into a big program of providing financial resources of large dimensions. We can't have a Marshall plan for the rest of the world," was the way it was often put. Of course, a lot of people had, at first, thought the Point IV program meant there would be a Marshall plan for the rest of the world. Then there were arguments about how much other countries could absorb, that they couldn't really absorb large amounts of capital. But within their capacity to absorb, there was the operational question -- should you provide real resources or should you just supply technical resources? This was one of the big disputes, and essentially the Point IV thing came out, of course, as a technical assistance program with very little of this other element in it.

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MCKINZIE: In those planning sessions...

HAYES: Excuse me, just one more thing. You probably looked at the history and remember that Governor [Christian A.] Herter, who was then in Congress, worked out a variation of the technical assistance proposal which would, in effect, be assistance to private industry to help countries develop their resources. That didn't finally take hold, but there was this alternative kicking around for a while.

MCKINZIE: In a way, that very alternative that you've mentioned -- or the inability of Congress, perhaps -- was one thing that kept the legislation from passing earlier than June of 1950. Homer Capehart for example, of the Senate Banking and Finance Committee, very much wanted any kind of technical assistance to be delivered through

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private enterprise, and there were a number of questions about what should be done in the way of assuring the workability of currency, insurance against confiscation, and how a government goes about doing that. Would it be fair to call that a congressional plan as opposed to a Department plan?

HAYES: Well, I think that's fair; the businessman's plan.

MCKINZIE: How did you feel about it?

HAYES: Well, I think that I, and many of us actually working on the plan, felt that the things that needed to be done were generally things that business didn't do. That is, you needed health programs, you needed agricultural programs, you needed educational programs, you needed a variety of things that private enterprise really

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doesn't get into very much. Private enterprise does get into agriculture, sure, but what about extension services, for example? You don't find these supporting themselves. Essentially, the developmental efforts required a good deal of push on the part of Government agencies and assistance from Government agencies. I don't think we were opposed to private enterprise being encouraged and helped to do anything it could, and the guarantee legislation which was passed, really reflecting this interest, is a result of the Point IV initiative. So, sure, let's get business to do everything it can and help it to do everything it can, but just as you have to supplement business in this country for all sorts of purposes, you had to do even more overseas.

MCKINZIE: Evidently, it was not a very attractive

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period for overseas investment.

HAYES: No, not very.

MCKINZIE: Did you have anything to do with suggesting Henry Bennett as first administrator?

HAYES: No, no I had nothing to do with that.

MCKINZIE: Henry Bennett, evidently, had some say on how the actual missions would be established. Did you work with him at all?

HAYES: No, I left soon after he came in.

MCKINZIE: Why Henry Bennett? I've asked everyone, and no one seems to have a real good explanation.

HAYES: Well, I don't know. I can speculate that the head of an agricultural college, from a relatively non-industrialized area, was suitable for this kind of purpose; we were interested

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in agricultural extension and education. But I don't know. There were undoubtedly some political elements in it.

MCKINZIE: That's what prompted the question. ECA had to be led by Paul Hoffman, Republican, and by Averell Harriman, who himself was politically tinged. Why then an educator for TCA?

HAYES: I really don't know.

MCKINZIE: Were you enthusiastic, by the time the appropriation had passed, about the potential of TCA, politically, economically, or socially?

HAYES: I thought it had great potential economically and socially, but both over a very long period. I guess everybody felt that the expectations were aroused far beyond what was possible, thinking

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that something might happen this year or next year. We were really talking about decades, scores of years, before anything could really happen as a result of this effort. It was a long run effort and viewed as a long run effort by all of us who worked on the program.

MCKINZIE: Those of you who worked on the program though must have been talking to the political people who were worried about things like Korea, who were worried about things like Berlin, and who were beginning to talk about, although the word didn't come into being until some years later, "the northern tier" of the non-Communist states. Their concerns were somewhat more immediate.

HAYES: Well, it's hard to accept, I think, how little contact there was between the people

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with political concerns and those concerned with the Point IV program. There were not people having lunches together, and no joint sessions to talk about the potential impact of this on our relations with India, for example. It was very much an operational, technical kind of approach, with extension type people talking about how you get farmers to undertake new technologies and very little about overall policies. I mentioned that a number of the traditional foreign service types were rather opposed to Point IV. They didn't think this was a very useful kind of an activity. I guess their interests were more immediate and they didn't see this; and we kept telling them, "This isn't going to do anything immediately."

MCKINZIE: One of the criticisms of Point IV was

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that there weren't country programs always and that ECA always went in and sort of did a total study and said, "You need this and this, and if you integrate this with your neighbor's economy, it will help you." Was there a conscious effort to stay away from total country programs?

HAYES: Well, again, Point IV was heavily dominated by technical people -- educators, agricultural extension people, public health people, and so on. They all looked at their own specialty, and since there was not, for these Point IV countries, the same kind of resource influence that there had been for France, let's say, you couldn't really come in and say, "We're going to change your balance of trade, we're going to reconstitute your reserves, and we're going to make it possible for you to become a major exporter."

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The country program thing makes sense, if you've got a whole lot of resources. If you're working on the margins, really, of doing this a little better or doing that a little better, it doesn't become so significant.

MCKINZIE: Dr. Hayes, in those early days before Ambassador Waynick, and even during the time that he was there, were there discussions among those of you who were concerned with the eventual reality of the Point IV program about such questions as exporting U.S. ethics as well as U.S. technology? Henry Bennett, in a couple of speeches down in Oklahoma, said something about "Let there be a pax Americana" and something about, "Any person, if he had the opportunity to do it, would pull himself up by his bootstraps." People would do things if

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they simply knew how to do it. Was there any real talk about the cultural differences or the imposition of American ideas or ideology on people?

HAYES: Well, I think this was more in terms of an American or Western emphasis upon a technological approach to development versus either an authoritarian or an establishment and hereditary approach. It's the idea that if you're going to get sufficient use of manpower, you've got to have mobility amongst classes and you've got to have people willing to work with their hands and give up some of the ideas that the only thing is to get a clean shirt and sit in an office. The Protestant ethic kinds of cultural value were felt to be very important. Cultural values are important in the population field as well; "What do you want children for? You want children to take care of you in your old age because you can't

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produce enough to take care of yourself," and so on. There are ways one can gradually change attitudes towards having children, so that population growth can be reduced. So, a lot of these things were not so much in terms of the character of Government except to the extent that the character of the Government would facilitate these modernization initiatives. You don't want to inhibit people's belief that they can get ahead, because if you do, then they won't undertake some of these changes that you want them to undertake. You have to have an open society for that purpose, but not just because freedom is a good thing.

MCKINZIE: At that same time period, did anyone anticipate the fact that if you go to a country and say, "We want to teach you how to grow better rice," that the country would say, "Thank

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you very much; we'd rather have a steel mill."

HAYES: Well, sure, we ran into that. Although we didn't get in as much as ECA did, we began to get into encouraging country planning, economic development planning, a consideration of different priorities, and so on. But as I say, for most of these countries the resources we put in weren't big enough to affect the countries.

MCKINZIE: Why did you get out of that work at the time that you did?

HAYES: I stayed in the Point IV operation through June or July of '51, and then ECA took me on to be the head of the mission in Indonesia, which was essentially, as I saw it and as it was, a Point IV mission, but with somewhat more resources than Point IV would have had

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if they'd been in Indonesia. So, I regarded it simply as an extension and an opportunity to do something more exciting. Instead of being one of dozens of staff running around Washington, I was running a mission.

MCKINZIE: Were you involved in activities other than Point IV at that time, or was that full-time?

HAYES: I mentioned this ECA thing, and then there was the Griffin mission, in the spring of '50.

MCKINZIE: How did this come about?

HAYES: The administration decided that they wanted to display our interest in Southeast Asia and to send a mission. I'm not really sure why I was suggested, probably Harlan Cleveland suggested my name. He was a personal friend (I'd known him for many years), and I think it was probably

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his idea the mission should be formed. He had worked with Allen Griffin in China, and so when Griffin said, "Who should I get from State?" he probably said, "Well, get Sam Hayes; he's on the economic side of State and he's not an old-line State type."

MCKINZIE: When you first heard about this mission, did you understand that it was being sent for domestic political reasons, in part? It was a way of sending a Republican to the Far East, and if that Republican then reported favorably about what had been done and what could be done and then it was done, it would allay Republican criticism of U.S.-Far Eastern policy. Was that clear to you at the time?

HAYES: No, I don't think I had much awareness of this. It seems awfully naive now not to

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have been following what was going on in the Senate more closely, but it was just another economic operation, as far as I was concerned.

MCKINZIE: Allen Griffin, the head of the mission, said that when he asked you, you turned him down. Did you think he'd be a hard man to work with?

HAYES: No, not that at all. I wasn't eager to go off for two months and leave my family, and I figured that there were a lot of their people who could just as well as I could.

MCKINZIE: He further says that you were ordered to go by the Secretary.

HAYES: Well, it didn't come down quite that way. I was urged to go, but not by the Secretary. Willard Thorp talked to me. He's a very persuasive fellow, but he would never order you to do anything. He thought it made good

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sense, would be helpful to me in my future career, and a few things like that.

MCKINZIE: I understand that a day and a half out, you were made Deputy Chief of Mission. You had no idea that when you left that that was going to happen?

HAYES: No. There wasn't anybody else from the State Department except a junior man, who was kind of an administrative assistant in care of reservations and that sort of thing. I was the substantive person in the State Department, so I suppose it was politically a good move. An ECA head wants to have a joint mission with State, so he invites the State Department man to be his deputy.

MCKINZIE: Why had the original itinerary of the trip

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been drawn up so as to avoid going to Tokyo?

HAYES: We went to Tokyo.

MCKINZIE: But it wasn't on the original itinerary.

HAYES: Oh, well, I don't know. In fact, that's news to me; if I once knew it, I didn't realize it. That's what Allen says?

MCKINZIE: Yes. Somehow it had been that the first stop was supposed to be Saigon, but after everything had begun it was necessary to change it so the people could go to Tokyo first.

HAYES: Well, I know that a couple people in MacArthur's headquarters were eager to talk to the group. They tried to give us a real snow job on what the problems were in Southeast Asia.

MCKINZIE: Allen Griffin said at one point that he

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took some job -- not particularly this one -- on the understanding that he would not have to go to Washington for briefing. He said something to the effect of, "I have an aversion to being briefed." Then he further talks about the briefing General [Charles A.] Willoughby gave in Tokyo and said that a briefing by General Willoughby is really no briefing. Do you recall it?

HAYES: Oh, I recall it very well, sure. General Willoughby got up in front of us with maps and he told us, "Here's what the situation is." It was all about Indochina. He said that what that country needs is law and order, and that we're going to help them establish law and order there. Once there's law and order, there'll be no problem about economic development. It was completely a military thing: here are the military

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problems, here are forces available, here are the kinds of fighting that are going on. We have to put in enough military aid and resources to calm the country down. This whole appraisal of the situation was simply a military question. I think I referred to that in my book, but without as much vehemence as I would put in private.

MCKINZIE: Were there people besides General Willoughby who came in to talk about specific areas?

HAYES: No. We did meet up with an Army food mission which had been out there. We had a joint meeting with them. But we did not talk about particular countries, not that I remember. We weren't very long in Tokyo.

MCKINZIE: When you talk about aid programs for the Far East or anywhere else, it's aid to achieve what purpose? Did everyone have a clear understanding

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of the world they wanted?

HAYES: Well, I think we all had dual purposes in mind, that to show the American flag, or whatever we're showing, in terms of our interest and willingness to help would have some immediate political impact. I think we're all aware of that. These countries would and did recognize the U.S. as interested. It was showing concrete evidence that hadn't been shown before in Burma or Indonesia, etc. So, we were showing concrete interest on the one hand, and secondly, I think, most of us felt that this was part of the general Point IV philosophy of helping long range development to these countries; this is one step along the way.

MCKINZIE: Mr. Hayes, the military was very concerned about the safeguarding of strategic

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resources, of which there are a great number in Southeast Asia. Was this subject ever raised by the military people that you met with briefly in Tokyo or with any of the people with whom you dealt here in Washington? Secretary [James V.] Forrestal, at various times, used to be very upset about areas of the Third World where political events were developing unhappily for the United States.

HAYES: I don't remember getting any signals on this from Tokyo, from the military attachés, or the political people when we met them. Of course, there's tin, rubber, and reasonable oil in Indonesia; there's rubber in Malaya. But we didn't hear much about that. Food was important; of course, this was the rice basket of Asia,

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really. The importance of rice production was one of the things that that Army mission mentioned, but we didn't hear about minerals or oil.

MCKINZIE: Did anybody ever talk about the role of the New Japan in the general economies of these nations that you were going to be visiting?

HAYES: Yes. I should have said that the military in Tokyo did make quite a point that we should take any opportunity we could find to use Japanese technical experts or bring in Japanese technology and Japanese investment. "You should do your best to explore this." We raised this very tentatively in two or three places -- I don't think in all places -- and the reaction was so strong that we just forgot about it.

MCKINZIE: Allen Griffin says that he appointed every

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member of the mission except two, an Army colonel and a Navy captain. He ended up sending them home or getting them withdrawn from the mission. That doesn't come out in the book you wrote.

HAYES: I don't say that he sent them home, but I said that they were with us only for the first three visits, or something.

MCKINZIE: He also said that after you left Tokyo and went to Saigon that these people were, in his words, "conniving with Bao Dai about arms." Bao Dai evidently wanted a private army and arms delivered directly to him and not to the French. Well, now, how could that have happened? Who instructed whom in these matters?

HAYES: Well, I just really had nothing to do with

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these two, and I'm not really aware of what they did. There was a big dispute, both in economic aid and subsequently in military aid, as to whether it would be supplied through the French or directly to the Indochinese. But, as I'm sure you know, there was a separate military aid mission that came out later and that had more conversations. Our two people, as I understood it, were supposed to consider how the economic development and aid activity we were talking about would affect the military situation, by strengthening the capacity of the economy to resist, to be more attractive to people who were living there, and so on. But we didn't concern ourselves with military assistance. There was another mission that came out just a couple of weeks later that talked about military aid.

MCKINZIE: Did you find the presence of these two

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people irritating while you were in Saigon?

HAYES: Well, I didn't see anything irritating about them. After all, Saigon was at war, Malaya was at war, and Thailand was agreeing with anything. But both Burma and Indonesia were much more neutralist, and it was a correct perception, I think, that it would have been disadvantageous to have these men with us in Burma and Indonesia. So, that's when Griffin insisted that they leave; so they were not with us for those two countries.

MCKINZIE: But what about their activities in Saigon?

HAYES: I didn't see their activities. They went off and talked with the military aid people who were there already, the military attachés and that sort of thing. They really didn't participate much, if any, in our meetings. If we

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had a big meeting where everyone was present, they'd be there, but they didn't say anything.

MCKINZIE: Griffin describes a meeting in Saigon in which the military high commissioner brought together Cambodians, Laotians, and Vietnamese. Evidently, it was a fairly large meeting to which your group was invited, and there was an unseemly kind of confrontation when he said that this represented the first integrated meeting of the Indochinese. All components denied that it implied any union at all, and this was highly embarrassing to the commissioner. Do you recall that meeting?

HAYES: Yes, but not in any detail. I really can't add much. I think the thing that impressed me most about that meeting was that it was the only meeting where the card at my place

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said, "H. E., M. Hayes."

MCKINZIE: Did you talk to Bao Dai?

HAYES: Yes, we had lunch with Bao Dai up at Dalat.

MCKINZIE: Did you have any impressions?

HAYES: Oh, he was a pretty intelligent fellow. He did his best to be charming. We didn't have a very substantive conversation, that I can remember. It was a courtesy call, courtesy luncheon, to show that we thought he was a good friend. It wasn't serious business, not that I know of, unless Griffin got him off to one side with Ed [Edmund A.] Guillion or somebody; I don't think so.

MCKINZIE: Well, as deputy chief, did you ever think it was appropriate to take someone off to one side and say, "I want to know?"

HAYES: Well, I had a lot of conversations with

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individual Ambassadors, but not in the sense that you're describing -- "Let's not let anybody know what we're doing here." We had to divide up the work somehow.

MCKINZIE: The report which the mission came up with on Indochina is printed in the book which you recently authored. You went then to Burma. Griffin, in describing the Burmese, said, "They fled to the forests like wild animals." In short, they were difficult to pin down, to get in touch with. How did you feel about that at the time; did you understand quite what was going on in Burma? They were trying to avoid an appearance of commitment to the U.S.

HAYES: I don't think I was quite as sensitive to it then as I became later on, but it's correct that we did have trouble finding people to

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talk with and to talk seriously with. We finally did find a guy, but U Nu, the Prime Minister, had gone on a trip, so he wouldn't meet us. General Ne Win stayed there and entertained us.

MCKINZIE: Did conditions in any of those countries particularly alarm you? In short, did you learn anything that you really didn't already know?

HAYES: I must say that I didn't know things were as bad in Malaya or in Burma as we found them to be. There were the rebellious groups, the guerilla groups, in both countries. In Malaya we had to drive with armored cars full of soldiers ahead of us and behind us. We went out to see a tin dredge functioning, and a couple of shots were fired from up on a hill somewhere. They had a very serious revolution going on there at that

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time, and it was very effective in terms of holding people down. In Burma there were a lot of revolutionary groups, three or four or a half dozen. They all had different objectives. There were white flag Communists; red flag Communists; the Karens, who were, I guess, a nationalist group who wanted to become a nation; and so on. They had disrupted the whole country, though it wasn't bad around Rangoon where we were. There were lots of areas where you couldn't travel, and there were areas in Indonesia where you couldn't travel. I think those two countries really sufficed to show that things were as bad as they were.

MCKINZIE: Allen Griffin, after he'd got back, went to see Mr. Truman -- Mr. Truman asked him there as a courtesy measure. Then he tried

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to get out from under the whole thing, and he said, "You get to the point where you kind of lose interest, because the other end of the pipeline is so many months away. When you go on these things, you do see things that you feel are urgent. It would strengthen this country so much more if these things could be done and done properly." The implication is that he lost interest after the reports; did you lose interest?

HAYES: Oh, no, and he didn't lose interest. After all, he took on the job of being head of the Far Eastern Division, or whatever it was called, of the ECA, and he asked me then to be head of the mission in Indonesia. He came out on another trip in the fall of '51. He was out of the Government after the mission for a while,

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I guess; he went back out to California for nine months or something, and didn't come back until the spring of '51. But obviously, he hadn't completely lost interest.

MCKINZIE: Well, what I think he probably was referring to is the boring staff work that has to be done.

HAYES: It was pretty frustrating, yes.

MCKINZIE: Did you cope with that well?

HAYES: Well, maybe I have a higher tolerance for frustration. And I had experience with this in North Africa; we tried to get stuff, an order from Algiers, to be procured in the United States and then to be shipped over by sea. There was six months lead time there, and that was pretty good. You get used to that stuff.

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I should think that he would have been used to it in China when he was there; the same thing was certainly true.

MCKINZIE: In your book you speak in a satisfied way about the consequences of the mission. I was wondering to what extent you attribute whatever satisfactions you felt to the Korean war. In short, where does the logic end and the fear generated by Korea begin, or is that a fair question?

HAYES: Well, I think that while these things always are slow and frustrating, perhaps because of the energy generated by the Korean war we did get action quite soon on a considerable number of the proposals that we had made. In contrast to other types of programs, that seemed reasonably satisfactory. So, yes, I did say I

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thought this was unusually implemented in Washington -- unusually well and expeditiously. That's not a final evaluation of what's happened in these countries, no matter how much we may have contributed and how much other things contributed. The Korean war raised the price of rubber, and that helped Indonesia a great deal; much more than our mission did, I guess.

MCKINZIE: Well, I was thinking more in terms of bringing commitments from the Congress and the State Department to your recommendations.

HAYES: Yes, I think that that certainly helped.

MCKINZIE: Looking back, do you think it was an error to have opposed giving aid to Indochina through the French bureaucracy? There was some reluctance to do that, and some desire, if you're going to give it, to give it directly.

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HAYES: Oh, I think we were right in trying to give it directly and were wrong for a decade or more in terms of our identification with the colonial powers in that area. It wasn't just the French in Indochina. It was also the Dutch in Indonesia; we helped the Dutch hold Indonesia for a long time. And we backed up the British in Malaya; we wouldn't do anything for Malaya because that's British territory, and we didn't want to upset the British. I think our policies were dominated by the Europeanists of the State Department. Those people who really had a strong feeling and a recognition of what the basic trend, the nationalist trend, was in Asia got very little hearing. Sometimes we moved too slowly rather than too fast in working with the Indochinese.

Well, I don't know what your schedule is

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here. I don't want you to run away before I talk a little about Indonesia.

MCKINZIE: That's what I was just going to ask you to get into. When you came back from the mission, there was an interim of provisional working in the Department and then you were asked into Point IV, essentially.

HAYES: Let me preface by saying that when our mission with Griffin went to Indonesia, we found the Ambassador there, Merle Cochran. Merle Cochran was a career Foreign Service officer and had been Inspector General in the Foreign Service for several years. Somehow, I don't know just how, he was assigned to work on behalf of the United States in connection with the negotiations of Indonesian independence, the negotiations at The Hague at the end of '49.

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He did an extremely effective job, going back and forth between the opposing sides -- they wouldn't sit in the same room for certain periods, so he'd go from one hotel to another carrying messages back and forth. Both sides felt that he did a marvelous mediating job and felt very grateful to him. Well, when that was over he was assigned his first ambassadorial post in Pakistan. The Indonesians, who had become independent in this process, requested the U.S. Government to assign him to Indonesia, and the U.S. Government did so. It was rather an unusual thing. He hadn't gotten to Pakistan yet, although it had been announced. Here was this major new country, expressing strong interest, and with whom he had already had an involvement. "Fine, send him out." Early in his service there he negotiated an Ex-Im Bank

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loan of a hundred million dollars, so that made him even more popular. But he was a peculiar person, almost pathological in his wanting to do things secretly and keeping things to himself. The Deputy Chief of Mission was one of our most able foreign servants, Jake [Jacob D.] Beam. He later became Ambassador to Czechoslovakia and then the Soviet Union. He was an outstanding Foreign Service officer. You couldn't have any question of his capacity, sincerity, and devotion. While the Griffin mission was there at Djakarta, he pulled me aside at an opportune time and said, "I don't know what to do. The Ambassador won't show me the cables. These things come in from Washington, he reads them, puts them in the safe, and then maybe he'll go up to Sumatra and visit the Standard Oil people up there. Then I have a

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cable come in, and I can't answer it because I don't know what's gone on before, I have to wait till he gets back. I can't function. This guy is so hipped on keeping things close to his chest. He won't tell me anything."

Now, this was a kind of a tip-off, and when Griffin asked would I like to go out to Indonesia, I inquired around. I found that Cochran had a reputation of being extremely difficult to work with. Well, now, ECA had this deal under the legislation that the head of an ECA mission had its independent line of communication with ECA. He doesn't have to send it through the Embassy network, the Embassy doesn't have a chance to veto any of his communications, and he is an

independent agent in that respect. He is responsible for his operations. Of course, on matters of general

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policy in relation to the other country, the Ambassador's the man in charge. But the ECA man is number two in the diplomatic establishment and has this independent status. I knew this was the case, but still you don't want to go into a country where the Ambassador is difficult, and the Ambassador had expressed a good deal of skepticism about our undertaking an ECA program in Indonesia. He said that it was not needed. "They can get all the technical tools they need from the Netherlands, where they have a long tradition of education, technical interchange, investment, and so on. They've got this hundred million dollar Ex-Im Bank loan, so they can get the resources. We don't need any mission here." So, he was against the mission coming, he was difficult to work with, and that's not a very attractive

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proposition. I went to Dean Rusk, who was then Assistant Secretary for the Far East. I'd known him pretty well, and I told him that I was very reluctant to go out under these circumstances. He said, "Don't worry. This is entirely between you and me, but there's going to be a change. You go out there for a few months and just bend with the wind, and everything will be okay."

So, I finally concluded that I would go out and bend with the wind. I thought that if any ECA mission chief could get along with Cochran, I could, because I came out of the State Department; I wasn't an old ECA hand. So, I went there and I was polite and as cooperative as one could be, and things went along swimmingly. Although he didn't want a mission there, he said that he had gotten his orders that there was to be a mission there,

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so he was going to work with us. He understood the relationships and he said, "You can see any of the ministers you want except the Prime Minister and the Foreign Minister. Those are my territory." We had a good working understanding, I thought.

Well, I'd been there about three months and word came that the Ambassador was going home for consultation. Then somebody leaked word that it wasn't just a consultation, that he was going to be replaced; I don't know whether that came out after he'd left or not. Anyway, he went home on consultation. About three weeks later he was back. What I heard was that he had gone back and they had told him that he was going to be transferred somewhere else, that he had served very well there but there was another place for him now. And he had sat

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and taken it. Then he'd gone to report to the President, as Ambassadors rightly can do. Sitting down with Mr. Truman, he said, "I think you would like to see this," and pulled out a letter from President Sukarno, describing in glowing terms all that Cochran had done for Indonesia and

meant to Indonesia and saying that if Cochran were to be transferred now, it'd be a slap in the face to Indonesia, which appreciated him so greatly. And Truman said, "You're going back to Indonesia."

I went to call on Truman years later out in Independence, and I was going to ask him about this incident. He came shuffling into the room, and the secretary told me, "No, you're not to ask him any questions. He's happy to see you, and you can tell him about what you've been doing, but don't interrogate him."

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I just didn't feel that I could say, "Well, can you remember the time when this incident happened?" So, I don't know whether this is true or not. It fits the pattern; it could well have happened. Anyway, he came back.

Congress had passed legislation abolishing ECA and TCA and merging them into the Mutual Security Agency as of the first of January, 1952. Military aid was combined with the economic and technical; they were all put into one Act. In order to qualify for military aid, you had to make some kind of declaration of your support for the principles of the free world or something like that. In order to qualify for economic and technical aid, you had to sign a new agreement that had certain phrases in it; I've forgotten the words in it. So, Cochran went to work on the Indonesian Government

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to get them to sign this agreement.

Unbeknownst to us, Cochran had arranged, before we got there, for them to get military aid of a kind, that is, constabulary equipment for their national police -- walkie talkies, maybe motorcycles, and stuff like that. It was not what you think of really as military aid, but it had been purchased and made available to them under the military aid legislation. The Foreign Minister said, "We're happy to sign this agreement which qualifies us for economic and technical aid, but we can't sign this business that we stand behind the free world, because we have an independent foreign policy. We're not lining up on either side of the cold war."

Cochran said, "Well, you can't get military aid if you don't sign it."

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"We don't want military aid."

Then Cochran said, "You're already getting military aid."

"Oh, well, we don't need that. We can pay for whatever we want to buy." (It was a piddling amount, about two million dollars a year.)

And then Cochran said, "Do you want it announced that the United States has been forced to terminate its military aid to Indonesia which it has been supplying for nine months or so?"

"Do you mean that you'd say that we've been receiving military aid? Our cabinet doesn't know we've been receiving military aid."

I don't know whether the cabinet knew it or not. But they were shocked that they were now going to be exposed as committed to the American side of the cold war, getting military

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aid. So, they made an alternative proposal, "Couldn't the wording go like this?"

Cochran said, "I don't have time to send it back to Washington, because by the time it would get there and anybody would approve it and get it back, it'd be too late for the deadline. We've got to announce at 12:01 on the morning of January 1 what our arrangement is."

He finally persuaded them they had to sign the agreement stating their support of the free world. But they said, "Well, we'll do this, but you've got to keep it absolutely secret."

I might say that although I was the head of the ECA mission and our program was obviously being negotiated about, naturally, he didn't tell me a thing about what was going on.

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There was one little by-play. The ECA Indonesians at one stage came to us in ECA on the quiet and said, "Can we have a copy of the aid legislation?"

We said, "Well, it's a public document. Of course, you can have a copy."

So, they took a copy, and that was the one that had these provisions in it, so they knew exactly what was in our legislation. The Ambassador gave us hell for making this available to the Indonesians. We said, "What the heck; it's a public document."

He said, "I don't care; you're interfering with my negotiations."

Anyway, they signed. At the same time, Burma refused to sign even the economic aid agreement. They said, "The language commits us too much. We propose this alternative phrasing." So, aid was suspended to Burma for six weeks or so

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while they worked out a phrase, and they eventually worked out a phrase. Indonesia would have been very happy with that arrangement, but they had been bulldozed into accepting this because Cochran thought they should line up on the side of the free world. It was their duty; they had not only economic interests in close relations with the United States but they were a democratic

country and their interests were certainly on the side of the democracies. So, it was only moral and only in their economic interest that they sign up, and by God they did it.

Well, this was all around in the area, "Burma refuses to sign. What has happened in Indonesia? Are we going to get aid or not?" The government refused to say whether it had signed or hadn't signed. The owners of one

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of the newspapers was in the Cabinet and kept asking questions for his newspaper, and finally at a Cabinet meeting he said, "You've got to tell us. Have you signed or haven't you signed? If so, what have you signed?"

So, they finally admitted what they had signed, and they were forced to resign. So, Cochran, by bulldozing them into this thing, lost a friendly government, and a much more neutralist government came in as a result. They then said, "Well, this agreement is not acceptable to us, but it has been approved; it's been signed by legitimate authority. We will honor it during the period while we renegotiate a new agreement which we can live with. And then they renegotiated and got an agreement like the Burmese agreement, so that's what eventually happened. But we had this

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situation of a guy pushing the other government too far, and then the government isn't there any more and a much less satisfactory government comes in, as far as he's concerned.

MCKINZIE: How did Cochran react to all of that?

HAYES: He was very unhappy, and he kind of withdrew and didn't have as much to do with things as he had had previously. Eventually, he retired from the Foreign Service and went to the International Monetary Fund. When he came to Indonesia he brought quantities of beautiful French furniture which gradually came unglued in the tropics. He sold it to the U.S. Government for the incredible sum of \$30,000 or something before he left Indonesia and left the stuff there.

Well, just one more little sidelight on him. Mrs. Roosevelt came to visit Indonesia,

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and, of course, the women were very excited. The Indonesian Chief of Protocol called my wife, because Cochran's wife was in an institution of some sort in the States and she wasn't there with him. So my wife was the ranking lady on the diplomatic list. He called my wife and said, "Will you get the American ladies together to organize a delegation to come down? We have a lot of Indonesian ladies, and we can give her a proper welcome."

My wife called the American ladies and had them organized, and an hour or so before Mrs. Roosevelt arrived Cochran called her up and said, "You are not to go." He didn't want a group of

American ladies as a delegation down there to receive Mrs. Roosevelt. I suppose it was because his wife wasn't there, and he thought it would kind of distract from his having Mrs.

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Roosevelt's full attention. He captured her and took her off to the Embassy and kept her, as much as he could, away from everybody else. Oh, he was sick.

MCKINZIE: His power seems to have rested, then, on this letter from Sukarno in the first place. Are there any speculations about how that came about?

HAYES: Well, only that (a) he did perform a major service for Indonesia in this negotiation period at The Hague; (b) he was an extremely clever and persuasive fellow. Oh, if he was working for you and you had the chance to determine what he was doing, he would be a marvelous representative. But as you can judge by my comments, I feel he went far overboard. The Departments would have never approved his

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doing what he did. He succeeded in persuading these guys, because he was terribly persuasive, to do things that were not in their interest and not in our interest. But he thought it was in both interests and so he persuaded.

MCKINZIE: Did he take an interest at all in the work of the ECA mission?

HAYES: The less the mission did and the less money was available, the better he liked it.

MCKINZIE: I understand that the ECA mission had quite a bit to do, that when the Dutch left they did take technicians with them and that there was quite a training job that needed to be done. I think I know a story about the trains that had clogged boiler tubes or something like that as a result of this maintenance

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problem. Did you get out in the field very much?

HAYES: Yes, I got out in the field, and we had people who went all over the island. We had some malaria control people, for example, some agricultural extension people, some small industries people.

MCKINZIE: Could Indonesia have absorbed more than was available to it while you were there?

HAYES: It could have absorbed a good deal more economic assistance, but it had limited capacity on the technical side. Technical people had, for the large part, left, and the Dutch had

not trained people up to the higher level. It was hard to get foremen who were Indonesian, and there were certainly not bureau chiefs, so these all had to come along. But for a substantial

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investment, such as rehabilitation of the coal mines in Sumatra or something of this sort, substantial funds could have been used that were not available. We had a very limited program -- about seven million or something like that -- for a country of that size.

MCKINZIE: Even when you were in this position and, certainly, in the one you subsequently had, you must have been concerned about the kind of personnel that you had, particularly in the field. Stanley Andrews told me one time about a mission which included Margaret Mead and a number of other anthropologists to study the question of what kind of teaching technicians you could send into the field so that they could have a maximum effectiveness. What was the quality of your people in the field? Did you try to do anything to acquaint them with

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Indonesian lifestyles, or did you feel that that was even a large problem?

HAYES: Well, in general, we had pretty good people. We did not have people who spoke Indonesian or Dutch, so we were limited in the contacts we could have to those Indonesians who spoke English -- of whom there were quite a lot, but percentage-wise they were relatively limited. What did we do about it? We, of course, had courses in Indonesian. We tried to find out as much as we could about the culture and adapt to it but it wasn't much of a problem at the level that we were working at. We were not working at the village level. Since we were only working essentially with people who spoke English, they were people in the big cities at major science institutes, universities, or something of this sort. We did have

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some interesting experiences. At Bogor, an agricultural experiment station, we had half a dozen agricultural experts working. When they got up there the Dutch had left, but the Indonesians there had been Dutch trained. Our men had a good deal of difficulty. Our technicians up there were assigned to a basement room that didn't have very good light, and they didn't have any secretaries. If they wanted something mimeographed, it might take a couple of days to get it mimeographed, and so on. They were able to do some work, but under some difficulty. They'd been working for a month or so there and there came some holiday, Thanksgiving or something. We had a party down at our house in Djakarta. We encouraged them to come down and bring their Indonesian associates, at least one associate each, to

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our party. This was a nice party; it was nonalcoholic (the Indonesians don't go, at least most of them don't, for alcohol). We had iced coffee and orange crush. We mingled, all of our staff

mingled, and so on. We had a little trouble with the Indonesian ladies who came, because they all wanted to cluster together and it was hard to socialize. But anyway, we did mix.

The next morning when these guys got to their office, they'd been reassigned to bright, airy rooms and they had secretaries and anything they wanted. The Dutch had accustomed the Indonesians to feeling that they're second-class citizens, and they never gave them the time of day. The Indonesians were kind of taking it out on the Americans. But when they discovered that we considered them to be our

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equals socially and every other way, it was a completely new atmosphere. Their whole life was changed just by this one party. We went into villages and were introduced to people, and we shook hands with these people; it was the first time they had ever shaken hands with a white man, because the Dutch would never shake hands with an Indonesian.

So, in talking about culture, the Indonesian culture is more like ours, I guess. The Dutch were very rigid and status conscious.

MCKINZIE: ECA, while it predated Point IV, still had some precedents to draw on, and one of those precedents was the Institute for Inter-American Affairs – IIAA -- program in Latin America. There was something called "servicio" which, as I understand it, was an operational unit in which there were both U.S. and national personnel.

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In some cases the U.S. expert might even have chief status, or assistant chief status, at least. Could that kind of thing have worked in Indonesia, or were they too sensitive to their nationalism?

HAYES: Well, we talked about it with them and they said, "We've just gotten rid of our bosses. We're happy to have people who will be associated with us, but we don't want anybody that we have to take orders from." There was some resistance even to any technical experts. I don't know how interested you are, but I wrote an article for *Economic Development and Cultural Change*, that publication in Chicago. Well, this was in one of the first issues, either the first or the second issue, on technical assistance in Indonesia. I wrote it anonymously, because I was still in Indonesia when it was published.

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But it was on this precise point of their attitude toward technical experts, how many could be used, in what circumstances you could use them, and so on.

MCKINZIE: Did you continue to have a close relationship with Willard Thorp during the period that you were overseas? Did you have occasion to correspond with him and keep this contact?

HAYES: Oh, I might have written a note or two. Of course, we saw him when we came back. I was not only a student of his at Amherst, but we'd been personal friends for years.

MCKINZIE: In connection with the work of the ECA in Indonesia, were there aspects of that which you considered being more successful than others? Was there some aspect of ECA work in Indonesia, in particular, or ECA work in

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the Third World, in general, which you thought should have been restructured?

HAYES: Our industrial assistance work out there was done by people who came out for a private firm. While they had some technical competence, their personal suitability was really very much in question. I don't think I could generalize and say that all private industrial consulting firms are the same. But the people that the consulting firm sent were not the best, in the way they behaved in their own personal lives and occasionally with respect to the officials they worked with. They were not a credit to our work. You always have some individuals who don't adapt very well. I don't think I could pick out one sector -- agriculture versus public health - - that's better or worse.

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MCKINZIE: What are the possible alternatives?

It's so hard in Government to find the kind of people you want. I've talked to people who've been chosen head of missions, and the first thing they ask is, "Where am I going to get the technical people I need? Where's my urban economist? Where is my agricultural economist?" Talking about bringing in someone who understands the process of industrial development, there's not too many of them to begin with and there are very few of them in Government agencies.

HAYES: It's one of the hardest things, sure.

MCKINZIE: So, was there any process by which these people could have been screened? I assume that somebody just let a contract to this organization to provide people.

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HAYES: The private consulting firm, yes. They let a contract, and it was up to the firm to provide the people. And the Indonesians were just too doggone polite to send the people home who weren't suitable. Now, somebody had to take the action, and you'd think, on a contractual arrangement, that they'd be more careful. Maybe they would now.

MCKINZIE: Did you have control over them?

HAYES: No.

MCKINZIE: The control was from Washington and the people were in Indonesia.

HAYES: Yes. Well, the headquarters of the outfit was, I guess, in New York.

MCKINZIE: Maybe we could go on and talk about the next year, when you came back from Indonesia

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and served as the assistant director of the Mutual Security Agency for the Far East. Your horizon expanded considerably, did it not?

HAYES: Yes, sure. It expanded to the Philippines, Taiwan, in addition to Southeast Asia. Because Indonesia and Burma did not have military aid, they were administered separately by TCA. TCA was not absorbed into the Mutual Security Agency. ECA and the military aid program were brought together in the Mutual Security Agency, and TCA was kept separate until the fall of '53 when they were merged into the Foreign Operations Administration; that's when TCA lost its identity. But because Burma and Indonesia signed this agreement just for economic and technical aid and not military aid, they were transferred from ECA's administration to

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TCA's administration. So, I lost those, but I gained the Philippines, Taiwan, Indochina, Thailand, and we developed this program in Korea in the summer of '53. At that date we really didn't have a program in Japan. So, we had this big program -- of course, several hundred million when you consider Indochina and Taiwan, the big claimants.

MCKINZIE: A question I think a lot of people are concerned about is, under MSA, this influence of the military in determining total programs.

HAYES: Well, we didn't have it by that time. I don't recall military having much impact on the economic programs, except to the extent that when we agreed to the other governments supporting a military force of such and such. In order to do so, it had to have money to pay

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its troops, and in order to get money to pay its troops, we had to supply goods which could be sold to provide the money to pay the troops. So, we had these big commodity imports programs to generate the counterpart funds to be used to pay their forces. You had this type of economic program, which wouldn't have been nearly as big if their local forces hadn't been as big. But we didn't get into financing munitions factories very much.

MCKINZIE: A general policy consideration was the concern of Congress for trade, not aid, and it seemed the more expensive the military programs got, the less interested many Congressmen were in continuing the economic assistance programs. Is that an after-the-fact slogan, "Trade not aid," or were you concerned about economic programs which would develop trade?

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HAYES: Well, we were very eager to develop the supplies, the rice for example, in Thailand. While we were in Burma we were trying to get rice back into production, because rice was important for other countries, Japan and so on. We were eager to develop industry in Taiwan so that it could support itself through exports, through trade. I wouldn't say that it is the general theme; it is one strand in the various considerations. I wouldn't say it was the dominating theme. Of course, you use your aid to produce more goods and to get a country self-supporting, if you can. It is "aid for trade," as opposed to "trade, not aid."

MCKINZIE: In the matters of the Far East, you had higher visibility in 1952-1953 than in earlier periods because of the Korean war and all that the Korean war meant for the area. What

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kinds of contact did that higher visibility bring with the higher reaches of the State Department or the White House?

HAYES: Not very much. We did have a certain amount of contact in connection with Vietnam - these various efforts to build fortified hamlets, etc. We were putting in the money for the tools and so on for these efforts. This was considered to be a very important operation long before we put in troops. And Vietnam didn't have quite the visibility in those days outside of certain aid and political circles in Washington.

MCKINZIE: There was some concern about what the U.S. should do, yet it's known that President Truman felt that there'd been a good deal of money poured "down the rathole."

HAYES: Well, I would have said that Taiwan was

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one of the success stories of the program. Take a look at the Jacobi book evaluating the aid program in Taiwan. He's a professor of the business school out at UCLA. It's a very good and a very professional job, and the conclusion is that because we'd put in so much in the way of resources there, they really did get development and they really are able to be on their feet. Of course, if it weren't for the threat from the mainland, they would really be thriving; but they seem to be thriving as it is. So, I haven't heard criticism that we did too little for Taiwan. I thought we'd done pretty well there.

MCKINZIE: What I'm asking is if the visibility brought you in contact with the Senator Knowlands of the world?

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HAYES: No, not very much. We were looked upon as workers in the vineyard carrying out high policy. The policy was to help this country and then turn it over to ECA or MSA and they, in turn, tried to help it. It does the best it can and doesn't question policy.

MCKINZIE: Was there much clandestine activity on the part of the CIA through the ECA missions?

HAYES: I never saw any. If there was, I never knew about it. When I was in Indonesia there was a CIA operation going on there. I met the guy, who had nothing to do with our program; he was attached to the Embassy and he had some kind of a title. So, I knew that it was going on there, but I never saw anything involving any of our people. Some of our technical experts could have been planted by the CIA, but

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I don't know about it. I never had a sense that it was going on. Maybe I was more naive, less suspicious than we've become now.

MCKINZIE: Could you talk a little about the Korean program and how that came about?

HAYES: Well, there were two Korean programs.

There was one before the invasion of Korea which was kind of a little appendage on the Marshall plan; there was a program in China and a program in Korea. With the invasion and then the fighting, there wasn't a Korea program. I guess in the summer of '53 we began working on a program. It was after [Harold] Stassen came in, in, say, March of '53. Word came, "We're going to have a program in Korea." We started to work to get a small staff together. Some of them had had some experience there.

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Eugene Clay, I guess, had been in the Philippines.

I can't remember now whether anything got approved before I left in September of '53. We did work on the program in the spring and summer of '53, but whether Congress approved it, whether anything actually got ordered, whether we set up a mission in Korea before I left, I don't remember. We did eventually, I know. We had the peculiar situation of the U.N. high command being there and our mission having to go in and subordinate itself to them.

MCKINZIE: What is your own feeling about this kind of bilateral assistance as opposed to something called UNTAA, U.N. Technical Assistance Administration.

HAYES: Well, I think they both have virtues and they both have failings. My experience with

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the U.N. people in the field was that they were generally less selective and less well administered than the Americans. It's true that they can draw on a pool from all sorts of countries, but the result of that is that you get a Dane, a Frenchman, a Lebanese, and someone else on a mission together. They hardly talk to each other, much less have a consistent philosophy of what they're trying to do. So, you had individual instances of very successful technical experts under the U.N. program, and they did not have the burden of representing a particular country, especially a great big country, in relation to some of these countries that try to be neutral. Still, I think it's often useful but not outstanding; that's my impression.

MCKINZIE: May I ask you about the Philippines, do

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you remember the Philippine bank problems, farmer's banks?

HAYES: I don't remember.

MCKINZIE: Could you talk a little bit about the people under whom you worked?

HAYES: The people I essentially worked for were Thorp and Allen Griffin. When I went back to Washington that last year, [W.] John Kenney was the director of the economic aid part of it, and Averell Harriman was the overall director of both the economic and military aid. But he sat off somewhere in the Executive offices of the President. The operating thing was under Kenney. I worked for him.

MCKINZIE: Why did you decide to leave the Government service?

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HAYES: Stassen fired me. I was happy. He came in in February or March, and he took a period of time to learn the ropes and what was going on. He was one of the most briefable people I've ever known. He was a terribly intelligent person. You could brief him for ten or fifteen minutes before he went to the congressional hearing, and he'd give them everything you gave, elaborate on it, and make it better, more effective, and more forceful; he was marvelous that way. He learned how everything ran and what the issues were and problems were, and in September he fired ten out of the twelve top people. So, that's why I left Government.

MCKINZIE: Did you have any conversations directly with him about the issues?

HAYES: Oh, yes. I had a number of sessions with him.

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MCKINZIE: In these sessions did he voice any opinions about his own policy views?

HAYES: No, generally not. He was learning, he was probing. He appeared to be trying to do a good job, to learn how to do it. Generally, he seemed like a good fellow to work with.

MCKINZIE: Did he or anyone who worked for him ever say, "This is good, but there's not enough of it?"

HAYES: I don't remember that.

MCKINZIE: Did he ever ask you to justify something you had done?

HAYES: No, I don't remember anything of that sort.

MCKINZIE: Was it worth it, the years you spent?

HAYES: Oh, yes. Sure, I thought my Government

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years were the most rewarding years of my professional career.

MCKINZIE: Thank you very much, sir.

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