

Oral History Interview
with
WILLIS C. ARMSTRONG

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Washington, D.C.

June 12, 1973 by Richard D. McKinzie, Harry S. Truman Library

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RICHARD D. MCKINZIE: Mr. Armstrong, I think many historians who are studying American economic policy in the Truman administration are going to be interested in the kind of people who participated in those events, and I wonder if you might say something about what motivated you to go into Government service. You apparently didn't start out with exactly that in mind.

WILLIS C. ARMSTRONG: Well, I was originally going to be an academic; I was doing a doctorate at Columbia in Russian history. I got to the point of needing to do research, and my

topic was concerned with a subject covered in a good many documents in Russia. My professor at Columbia made a

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deal with the State Department to have me appointed as a clerk-translator in the Embassy in Moscow. I went there in the summer of 1939 and I started to do a little research, and then the war started in September of '39 and I was so busy after that I never did finish my research. I came back in 1941 and I stayed in the Government dealing with the Russians during the war. Then I came into the Economic Section of the State Department in 1946, and immediately began to deal with the question of state trading. I was called Adviser on State Trading, because I was dealing with the question of trade with the Soviet Union and other Socialist countries.

MCKINZIE: May I go back and ask you a little bit about the work you did after you came back to Washington in 1941, and worked with the Lend-Lease and the FEA, as I recall?

ARMSTRONG: Yes, it was lend-lease to Russia.

MCKINZIE: May I ask you to probe your memory a little

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bit about the specifics of your work with the Soviets? There were some problems with lend-lease in the Soviet Union particularly their reluctance to provide data about their own needs or the data that people in the Lend-Lease wanted in order to make allocations. Were you involved in that work?

ARMSTRONG: Yes, some of us in the Lend-Lease Administration had lived in Russia; we knew the Russians, and we knew why they couldn't provide advance data on requirements, because their system didn't simply permit it. And, therefore, we made up their requirements in advance a year ahead, and we figured out the numbers ourselves and gave them to the War Production Board and that secured their allocation for them. When the time came around, our guesses had turned out to be pretty good, and the Russians said, "Thanks very much." So that wasn't really a problem.

When they wanted something they told us in no uncertain terms what they wanted, and if we

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thought it was useful in the war effort we gave it to them, if we had it, within the framework of an annual schedule. We had an annual schedule worked out called the "protocol," which was renegotiated every year; and it was broken down into military end items, raw materials, industrial equipment, food, chemicals, Quartermaster stores, and all that sort of thing.

It worked pretty smoothly, as a matter of fact. Our main governing limitation was the capacity to move the stuff to the U.S.S.R. We had, first, in the beginning of the war, as you know, a shortage of ships. As we began to build more ships we resolved the problem by shipping more over the Murmansk route, but convoys were heavily attacked, we lost a lot of ships, and that proved relatively infeasible. We were using a Persian Gulf route, but it was slow and tedious

and limited in capacity, because the stuff had to move over the railroads, or roads, through Iran into Russia. Then we opened up a route across the Pacific, the Russians using their own ships;

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and then we began to transfer American ships to them, which they manned themselves, and in which they carried a large quantity of the supplies. I'd say about half the supplies -- we sent about 11 billion dollars worth during the war, and I think about half of them moved across the Pacific. The ships were either Russian or American-built and Russian-manned, and they would go neutral after they got near Japanese waters. They put their lights on and they had "U.S.S.R." on the side in large letters, and flew the Soviet flag, and they went on lit like Christmas trees right through Japanese waters into Vladivostok and unloaded the supplies. That worked very well.

We did this with aviation gasoline tankers right through Japanese waters. Once in a while the Japanese would stop a ship and board it, and the Russians would fill them full of vodka and pour them over the side back into their patrol boats and that would be the end of the Japanese control. So, there wasn't any serious problem, and after a while we got to the point where ships were not

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a limiting factor, and where we were beginning to have a better run at the target.

Then our judgment about how long the war would last, and whether the stuff really was needed for the war, became a factor. The Russians were trying to get a great deal of postwar industrial equipment out of us under the provisions of lend-lease, and we had to stop a lot of their orders, because they were trying to get away with a certain amount of murder.

MCKINZIE: I am going to ask if you have any insight into Mr. [Leo T.] Crowley's recommendation to President Truman just after V-E Day to end lend-lease to the Soviets. Mr. Truman has said that this was one of the bad mistakes he made.

ARMSTRONG: Well, we didn't end lend-lease after V-E Day; we seriously diminished it, and I'll speak about that.

MCKINZIE: Yes, please do.

ARMSTRONG: I think you'll find some of this covered

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in a book by Mr. [George C., Jr.] Herring, which has just been published. He consulted me on his book and used me to some extent as a source.

What happened in the spring of '45 was that the war was over in Europe, armistice was declared, we had large numbers of ships moving into both Murmansk and the Black Sea, and also the Persian Gulf, because after the Mediterranean was cleared we opened up a fourth route to Russia, which was the Black Sea. I might say, I was in charge of shipping as far as the Lend-Lease office was concerned, so this was very vitally my concern.

What happened immediately after V-E Day was a decision that lend-lease to Russia should be stopped "where physically possible" -- that was the term used -- except where the goods were identifiable in connection with the prospective entry of the USSR into the war with Japan, which the Russians had committed themselves to, and which they were going to undertake within 90 days after V-E Day. The feeling was that they should only get the things that they really needed for the

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prosecution of the war out there. And we had a special program for that that we had been working on for some months very surreptitiously, including even military end items which we were shipping right under the noses of the Japanese.

The people who put in the language "to the extent physically possible," fundamentally were responsible for a very literal interpretation; and a lot of us who were doing the staff work on lend-lease felt that "to the extent physically possible" was a very unfortunate term, because this, literally interpreted, meant that you stopped the ships that were enroute, the American-controlled ships, and turned them around. They had already loaded the cargoes for the U.S.S.R. You also stopped loading ships that were on berth.

I would say that the primary responsibility for this, really rather draconian reaction was in the hands of Mr. Averell Harriman, who was then our Ambassador in Moscow, and who was back here at the time. He was feeling particularly tough about the Russians and he was the one who

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urged this language.

MCKINZIE: Rather than Mr. Crowley?

ARMSTRONG: Mr. Crowley's role was very limited. The action was taken at a meeting in the Combined Chiefs of Staff Building, and General [C. M.] Wesson, who was the head of our Russian unit in the FEA, was there, and John Hazard and I, and Averell Harriman and people from the Defense Department and from shipping. Some of us said, "Now, are you sure this is what you really want?"

Mr. Harriman said, "Well, this is what the President wants, 'to the extent physically possible.'" Mr. Crowley wasn't there, and had really very little to do with it; it was primarily Mr. Harriman. I would expect, frankly, that Mr. Harriman would deny having the intention to produce so drastic an effect. I did know Mr. Harriman fairly well at one time. He was a fine public servant in many capacities, but not a man for precision in the use of words.

Then, of course, we began to get into a

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great uproar. Nobody had told the Russians beforehand we were going to do this, and as the Soviet Ambassador said to somebody, "The first we knew anything was happening was when

they stopped the hook," meaning the stevedores hook that lifts the cargo off the piers. And the Russians were understandably offended. They thought they were more important to us and bigger than that kind of treatment would imply.

Well then, of course, everybody went into a great huddle and everybody said, "Well, of course, we didn't really mean it that way." Then the fellows down the line, who were Mr. Hazard and I, were blamed for having been too literal in the interpretation of the instructions, and it was agreed that the ships that had been turned around and ordered to sail in this direction, would be reordered to turn around and sail in the other direction. This took about 24 hours, and Mr. Harriman was the man who did this reinterpretation. So he appeared the hero who saved the Russian cause from the errors made by Mr. Crowley and

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the staff of FEA; and that is my account of it and I will stand by it.

MCKINZIE: In other words, he was, in fact, rectifying an error that he himself had made.

ARMSTRONG: That he himself was primarily responsible for having perpetrated, not necessarily with intent.

MCKINZIE: Did you deal personally, at your level, with a Russian counterpart here in Washington?

ARMSTRONG: Oh, yes, all the time. We were on the phone with each other constantly, and usually in Russian, because I spoke fairly good Russian at that time. And I had been instructed not to tell anybody what was going on until the policy was settled. The stopping of disbursements in an abrupt way was a very serious tactical error. It was a stupid thing to do, because one could see in advance that you would let the ships go that had been loaded, you would complete loading the ships that were partially loaded, you would not load any new ships after that, and that is

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where it came out. All these things were talked about so darkly, and so many things were hinted at by Mr. Harriman and others from the political side, that we in FEA didn't know how to take it. We thought maybe some great catastrophe had taken place in terms of relations between the U.S. and the U.S.S.R. that we weren't privy to. So we sort of took on faith what came from Mr. Harriman and the State Department and the White House at that time. It was Mr. Harriman who was primarily responsible.

MCKINZIE: Let me ask you another question about lend-lease. There were in the economic offices of the State Department during the war, people like William Clayton and, well, I guess Leo Pasvolosky and a number of other people, who thought that after the war there was going to be a great deal of lower trade barriers and a lot of economic integration that had not existed before the war, in fact that was a kind of goal. There was some talk about lend-lease should be continued after the war, military end items should be stopped,

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but that a great deal of materials should go through in order to facilitate reconstruction of industrial plants and that kind of thing; and there was some talk about lend-lease materials being continued for that purpose. Do you recall that having been discussed?

ARMSTRONG: That was just a suggestion that people made, but the lawyers felt that the law didn't justify it. I think they were right. The law specified that this was for military purposes during the prosecution of the war, and would stop when the war was over.

MCKINZIE: That was, of course, the position that Mr. Crowley took.

ARMSTRONG: Well, I think it was a position that everybody took. Now, we did have negotiations after the war for what was left in the pipeline.

MCKINZIE: You were a party to that?

ARMSTRONG: I was in the negotiation of that with the

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Russians; some lawyers from FEA and I. By that time General Wesson had retired and John Hazard was off helping prepare the Nuremberg indictment, so I was in charge of the Russian section of FEA; and I wasn't dealing with just the shipping, because the shipping had stopped. Remember this was after V-J Day. When we stopped after V-J Day we let ships finish loading that were on berth, so we had a neat and well-understood termination, and the Russians understood it.

So, we did it right in September. Mr. Harriman wasn't here, and this came off fairly well -- and all amicably.

And then we began to negotiate about what to do with the pile of stuff that was on order and on hand. I've forgotten the amount it was, maybe 125 million dollars worth, something like that. We reached an agreement in October of 1945, but before we reached the agreement the Russians tried to pull a fast one: One day they called me up, said, "Have you got any new instructions?"

I said, "New instructions about what?"

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They said, "About moving some of the goods that are on hand, because we have some ships here."

I said, "No. I have no new instructions, why do you ask?"

The Russians said, "Well, we went and talked to Mr. Crowley this morning and he agreed in principle that we could move the goods now and settle the agreement later."

I said, "No, I have not yet received any instructions; when I do I will let you know."

Well, I then got very busy to be sure that I didn't get any new instructions, because if we had let the goods go and said, "We'll reach the agreement later," we would have never had an agreement I got at Mr. Crowley -- I was fairly junior, I was about 33 years old, and Mr. Crowley had the reputation of being a great administrator -- and I got at Mr. Crowley and he said, "Why, what's wrong with that, they seem like nice fellows, and they said they had some ships in the harbor."

And I said, "You know you won't ever have an agreement, you won't get paid."

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He said, "Would they do that?"

I said, "Of course they'd do that if they could get away with it, or you'd have such an unsatisfactory agreement that you wouldn't be able to defend it."

Then he said, "What do you want me to do?"

I said, "I want you to reverse your opinion and not permit the goods to be loaded until we have an agreement."

He obviously didn't want to, and I finally said, "Do you want to explain to a congressional committee, ten or fifteen years from now, why you let the Russians get away with 150 million dollars worth of stuff without having an agreement?" And then he caught on and reversed his position, called in the Russians and, instead of having the guts to face them himself, he said, "Mr. Armstrong here has some problems with what you and I talked about the other day. I'll ask him to take you into the next room and discuss them."

So, I was stuck as a fairly junior officer, with a vice-minister of foreign trade, a major general,

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and an admiral; and they beat me up for about an hour (I knew all of them), until I finally made it clear that I was not going to yield. Then they beamed happily and shook hands and respected me, I'm sure, because I caught them at it. If you catch them at it, and say, "No," then they think, "Well, he's okay"; that's the way the Russians are. My experience with the Russians was all right, but with Mr. Crowley not so good.

MCKINZIE: The FEA did not get deeply involved in the attempts to settle the lend-lease account with the Soviet Union?

ARMSTRONG: No, because shortly after that, in the autumn of '45, the FEA was brought into the State Department as a part of the Office of the Foreign Liquidation Commission, I think it was called, OFLC, and I went over to work in War Shipping in about October, as soon as I finished the deal with the Russians. Over in War Shipping I was busy with UNRRA programs, for Russia and Poland, Czechoslovakia, and Yugoslavia. Romania

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and Hungary were ex-enemy and therefore they didn't get any UNRRA. But I was available for the State Department, with others, to be called in. Then we got into the famous case of what happened to the Russian request for the billion dollars, because this had been presented to Crowley because he was also head of the Ex-Im Bank. A copy of it was sent to the State Department -- I sent it myself -- from FEA, and nothing happened. The Russians never pushed us on it, because they waited to see what kind of a deal was made with the British, and I think they began to lose interest in it anyway.

MCKINZIE: For political reasons.

ARMSTRONG: For political reasons, or they felt they wouldn't get it if they pushed it, or something. So, sometime the following spring of '46 there was a story about how the State Department lost the Russian note asking for a billion dollars.

Well, the State Department blandly said it had been mislaid in connection with the transfer

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of these functions to the State Department, which was not really incorrect, but a convenient story. The Russians had never pushed it, so I never felt that anything particularly reprehensible had happened on the part of the U.S. Government; the Russians never asked for a definite response.

Finally we went back to them and said, "Well, if you want to talk about this, we want to talk about lend-lease, and we want to talk about a whole string of other things." In fact we had quite an agenda in '46.

The Russians said, "All right, we'll talk about this." So we did begin negotiations on lend-lease. I think it was in the spring of '47.

We just published the documents last year. The State Department's *Foreign Relations of the United States* for 1947 contains an account of the first lend-lease meeting for settlement. I was on the delegation at that time, because by that time I was back in the State Department in Commercial Policy and dealing with commercial

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problems that might involve the U.S.S.R. So, I was here in State by that time and I was in the negotiations; they didn't get anywhere, and of course, as you know, we didn't get anywhere on that until 1972; and I conducted the negotiations in 1972.

MCKINZIE: You had been with it from the beginning.

ARMSTRONG: Well, I had a long interval in between, and nothing happened then either.

MCKINZIE: You alluded to Averell Harriman's strong views on Russian policy. His view on the matter of the loan, as I understand it, was that it should not be negotiated unless the Russians

were willing to make commercial concessions, and political concessions as well. Is this pretty much your view?

ARMSTRONG: Yes, that's right. I had no quarrel with that view, I think it was right. I don't think we should have given the credit unless we were on a friendly commercial basis. As of 1947 we were on a friendly commercial basis, but by 1948 with the

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Berlin blockade and various other things in the works, we began to withhold from the Russians certain machinery and equipment that they wanted to buy commercially from us, and we began a discriminatory export licensing policy for security reasons in the summer of 1948 -- I believe it was the summer. This was really in violation of our trade agreement with the Russians, but it was necessary for security reasons. I then became very active in that program in the State Department of keeping things away from the Russians. I worked at that in '48 and '49 and '50 and on through the Truman administration.

MCKINZIE: You must have had some dealings with people in Congress then, because Congress was quite interested in this same thing?

ARMSTRONG: Well, we took restrictive action. The Commerce Department took the action of course, the controls, but we negotiated with the other countries to make sure they did the same thing, and set up COCOM and other committees in Paris. And I

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was active and instrumental in setting up COCOM and in dealing with the Europeans about their restrictions. So I didn't have much contact with the Congress, except to explain what we were doing on the foreign relations side. The Commerce Department explained what we were doing in terms of controls here.

MCKINZIE: I see. There were prejudices, I take it, all over about dealing with countries which adopted state trading, which had that kind of system. Did you find yourself making explanations at every turn about the complexities of dealing with nations that used that system?

ARMSTRONG: Well, businessmen who had done business could always explain it, and some people succeeded in doing business. We disapproved of state trading in principle, but on the other hand, nobody gainsaid the right of a country to decide to do business that way if it wanted to. And after all, we did business ourselves that way in various respects during the war, and we did also during the

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Korean war; we were a monopoly buyer of tin and rubber in the Korean war. We engaged in state trading ourselves on a large scale during World War II, and under security circumstances we would do it again. But as a system for normal trade, I don't like it and never have.

MCKINZIE: Why have you a particular interest in rubber? I notice that you have attended quite a number of international meetings on that subject.

ARMSTRONG: Well, after I had worked on commercial policy toward the Russians, keeping things away from them, I was shifted from the Division of Commercial Policy in 1949 into a division which dealt with commodity problems. So I began, from about '49 on, to deal with rubber, tin, wheat, oil; all kinds of general commodities that are a problem in international trade, major problems, as you know, per se. I started to go to rubber meetings as the spokesman for the U.S. in 1950. We were getting into surpluses around '49 and early '50, and then the Korean war came on and we all got into

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shortages again. So we banged away at the shortage problem and tried to get the countries together to cooperate on limiting their consumption or allocating their supply, and we had a thing called International Materials Conference, and I was very active in that.

MCKINZIE: What kind of leverage is there?

ARMSTRONG: There wasn't any particular leverage. Some countries had some things, and other countries had other things. We had one thing that everybody wanted from us in those days and that was sulphur. We were the big exporter of sulphur, and it was in short supply around the world, and a day didn't go by without a request from some government for a larger allocation of sulphur.

Well, if we were to play ball on sulphur we said, in effect, "You play ball on some things that you've got;" so the copper producers and those of rare metals, or other non-ferrous metals were active. We had a lot of conversations about commodities in short supply; I don't know that we

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really modified the basic distribution, but we did modify it some, and reduce the extreme trends.

MCKINZIE: I wonder if you might say something about, I guess the word is "problem," of stockpiling? That was a kind of a hot issue, internally at least, from the end of the war.

ARMSTRONG: Well, you know, having been caught without supplies of various things in World War II, and having fought a long war that consumed an awful lot of stuff, and having seen our Allies and our enemies do the same thing, there was a policy to stockpile it against a future war. You know, as a historian, that nations always fight one war with the weapons of the last one and the strategy of the last one, so it was assumed that our next one would be like the last one. So, we had stockpile targets all over the place, in all kinds of commodities; and we bought them and we put them in storage, and, of course, we still have a lot of them. Whenever you buy them people get mad at you because they say you are raising prices and that

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you are upsetting the market. Whenever you sell them, people say you are selling these things and thereby lowering prices, and you are upsetting the market. The people from whom we bought these things in the active period of stockpiling, which was around '47, '48, '49, '50-'53,

were very happy to sell. The Korean war and the Berlin blockade and the general state of tension caused us to accelerate our stockpiling.

MCKINZIE: There was an argument on the part of some Marshall plan recipients that the money provided them was not doing quite what they had hoped it would do, because of the inflation in commodity prices which American stockpiling was bringing about.

ARMSTRONG: Yes. I don't know that we were all that bad on our stockpiling as a price factor. I think we've been very modest in our impact on the sales side in the stockpile, and we tried to be limited in our impact on the buying side. But sometimes people made wild charges or statements.

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There was a man called [Stuart] Symington, who is now a Senator, who was then the head of the National Security Resources Board. He made a statement one day in a speech that we were going to have to buy several hundred thousand tons of natural rubber for the stockpile; and of course, the price went right through the roof that day. It was his own damn fault. You know, if you're going to have to buy several hundred thousand tons of rubber -- which was an exaggeration to begin with -- you should speak very softly; just as the Russians spoke very softly when they were going to have to buy an awful lot of wheat last year. People have criticized us for not being aware of what the Russians were up to; they proved to be better buyers than Symington.

MCKINZIE: Was stockpiling a better answer than safe-guarding the source of supply through political agreements?

ARMSTRONG: Well, you had to do both. If somebody asked you what would happen if the Chinese Communists unleashed themselves and started down

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through Indochina? How long could you be sure that you could get supplies of rubber from Malaysia? Well, you couldn't answer that with any surety. You had to try to do stockpiling and make the best possible political arrangements. Stockpiling was reasonable in the light of what people thought at the time. The full impact of nuclear warfare hadn't really revealed itself to people.

MCKINZIE: What effect, if any, did the large foreign aid programs have on your work when you worked in the Division of Commercial Policy?

ARMSTRONG: Well, our negotiations to persuade people not to ship things to the U.S.S.R. or China in '49, '50, '51 was through the aid agency.

MCKINZIE: ECA.

ARMSTRONG: ECA, yes. We worked with them and they handled the matter for quite a while; later it was transferred to the State Department. The fact that we were giving aid to these countries did make a difference in terms of their

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preparedness to cooperate on security controls; just naturally, they couldn't help it. We didn't use any direct threats, but the atmospherics were there.

We were anxious to get the overseas aid going to the Marshall plan countries because then that turned them back into commercial customers, and that was one of our objects in Commercial Policy. We couldn't give any reality to our general plans for a better trading world along the lines that had been talked about in the ITO, unless people had the money to buy our goods and set trade going again. I was in the U.S. Delegation to the first ITO conference, in 1946 in London. This was Clayton's dream, and that of many others. We couldn't make progress on trade unless our trading partners were solvent. Therefore the aid program was seen as fitting into a general economic scheme.

MCKINZIE: You did believe that the Clayton vision was an attainable one at that time?

ARMSTRONG: Well, we did better than you might have

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thought. We didn't get an ITO, but we got a GATT, and we've still got a GATT. I just came from a meeting where we were talking about what needs to be done to improve GATT, as the basis of multi-lateral trade negotiations, and as the basis for the fabric of world trade, the rules of world trade. We got that in GATT and it was basically what we were after in the ITO. We got it on the executive agreement basis instead of on the international organization basis; it has defects, but it is there and it works in our interest.

MCKINZIE: It was at the expense of cutting out some social provisions, full employment for example, and that kind of thing.

ARMSTRONG: Yes, and it was also at the expense of dropping some material on anti-trust and restrictive business practices, but as far as the trade provisions were concerned we got most of the things we wanted.

MCKINZIE: You went to something called the Economic

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Resources Staff, on which I must admit my ignorance.

ARMSTRONG: That's the place that handled security controls and commodity problems, that I mentioned earlier. We used to try to think of better names for it than Economic Resources and Security Staff; it sounded pretty stupid. The only one we could think of that had any catching quality was Raw Deals and Materials, but we decided we'd better not use that.

MCKINZIE: I know that at that time, when the people were talking about strategic materials particularly, there was emphasis on getting more private investment, U.S. private investors, to put money into those enterprises; but there were some problems particularly after the war, problems which got into investment guarantees. I wonder if you had any dealings with that, and any kind of retrospective judgment about how that was handled?

ARMSTRONG: No. I had nothing to do with the investment guarantee program; I was not on the investment side

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at that point. Our present Under Secretary, Mr. [William J.] Casey, however, negotiated a lot of those guarantee arrangements with the European countries in connection with the Marshall plan in 1948. You might ask him about it.

MCKINZIE: But it was one thing to have investment guarantees in an ECA country and quite another to have investment guarantees in what at that time they called underdeveloped countries.

ARMSTRONG: Yes, we did have, and still have, a program of friendship, commerce and navigation treaties.

MCKINZIE: I notice that you have been in your career, a lecturer quite frequently on the study of the Soviet Union. I wonder if you might do the impossible by saying something about the evolution of your views on the Soviet Union, in that period. You know the historians are eternally haggling over the Soviet intentions in that cold war, and as a person who was daily involved with it, how did your views change as a result of 1945 through

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Korea?

ARMSTRONG: Well, my own views about the Soviet Union, ever since I served in Moscow, 1939 to '41, have been guarded. I've seen the Soviet system; it is not a nice system. The amount of inhumanity which it has wreaked upon its own people and on other peoples is pretty substantial. I deplore their tyranny and their thought control and their political system, and their totalitarianism; I hated it when I was there and I still hate it.

That's one thing. Secondly, the Russians as people are pretty good guys, and it's hard to dislike them, when you begin to do business with them. The third thing is that they have very peculiar methods of doing business. If you've got to do business with them you have to find what the methods are, and you have to somehow adjust to their methods or get them to improve a little; and this is not impossible, you can do it.

You can do better with them when they are on an open basis than when they are on a closed basis. They were on an open basis during the war, under

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lend-lease. They were quite relaxed in dealing with you on operational matters related to the war, and I dealt quite easily with Soviet people.

After the war they clammed up again, and I think the operative date is the date of Stalin's speech, about 1946, when he said, "Look, we're back to where we were before the war, everybody else is our enemy and we're going to fight this thing out ourselves," which is what they believed. So, I wasn't surprised at all. I never had any particular illusions about any great era of happy friendship with the U.S.S.R. after the war. I don't think that tactical error that we made in closing lend-lease, had anything fundamental to do with the basic relationship pattern that happened after the war. The Russians still have a cold war face. I was in Berlin in March. It was the first time I had visited East Berlin, and the first time I had seen the wall. People go there and are horrified by it. When I came back, people asked, "Were you horrified?"

I said, "No, I wasn't surprised at all. I

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served in the Soviet Union in 1939 to '41. I've seen concentration camps all across Siberia; I've seen trainloads of political prisoners being shipped off, women, children, old men and old women, in cattle cars and guarded by soldiers with fixed bayonets on their rifles." I said, "Nothing surprises me about the inhumanity, or the tyranny of the Soviet Union, it's still there. It's more subtle now, it's smoother, and it's covered up better. Also they're not as weak as they were and they're getting a little closer to some real coexistence than they were."

MCKENZIE: You mentioned that if you intended to do business with the Soviets, they had an unusual way of doing business, that you must learn the way in which they work. From your perspective at that time, did Secretary of State James Byrnes know the ways of the Soviet Union? He was in as Secretary at the time when Stalin made that speech in 1946, when there was a kind of pivotal point in U.S.-Soviet relations and Secretary Byrnes put

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very little emphasis on staff work in the Department.

ARMSTRONG: There were people in the Russian area, I think, in the Department who were worried about Byrnes. I wasn't close enough to the politics of it to have much feel for it, and he wasn't there very long anyhow. He was instinctively and politically a much brighter man than Stettinius. It made a difference.

MCKENZIE: How did things change for your life when Marshall became Secretary?

ARMSTRONG: Oh, not very much, we went ahead doing the things we were doing anyway, and Mr. Marshall accepted most of the basic policies that were there which after all were Mr. Truman's policies. I wasn't close enough to the top level to have much connection with the difference between Byrnes and Marshall. I felt that with Marshall we had a man with a real knowledge of statecraft, based on wartime; and with Byrnes I always had the feeling

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of his being somewhat more of an amateur. Now, the amateur can become a good professional if he stays long enough, but Byrnes didn't stay very long.

MCKINZIE: I guess the inevitable question for everybody that ever worked in, any part of the Government that dealt with the Soviet Union during the war is, what happened to you when the McCarthy era was at its height?

ARMSTRONG: Oh, well, I had some problems. I was subject to suspicion because I spoke Russian, because I had studied Russian voluntarily before the war, and because I had served in Moscow voluntarily and wanted to go there. Also, because during the war I had quite a close relationship with the Soviet trade mission, their purchasing mission; and when I was in Moscow I had an interest in a lady who was a Soviet citizen. And there were other questions like that, based on circumstantial evidence: the fact that I also continued to subscribe to *Pravda* after the war, and to a Soviet magazine called *Foreign Trade*. And people, therefore,

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raised eyebrows about me. Eventually things got sorted out, but it took a little time.

Nothing overt was done to me, no, nothing at all. But there were delays during my periodic security clearances, delays, and delays, and I had to go talk to people, listen to people, and so forth; but after I talked to people, and listened to people, problems seemed to disappear. Also, I had to get permission every year to teach a course on the Soviet Union, which I taught at SAIS [School of Advanced International Studies] and [Johns] Hopkins. It was a departmental rule that you had to have permission to teach. So every time I went for permission there was always a little delay; and when [Scott] McLeod was here I think I didn't get the permission until about 20 minutes before my first class, but I always got it. I had good support from my seniors, Mr. [Samuel C.] Waugh and Mr. [Thorsten V.] Kalijarvi. Mr. Waugh was Assistant Secretary, Mr. Kalijarvi was Deputy Assistant Secretary, in the economic area; and they were very understanding and helpful.

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I was uncomfortable at various times, and I was uncomfortable for a lot of my friends, and the atmosphere was very bad. But my own conscience was perfectly clear and I had faith that I would be dealt justly with, and I was.

MCKINZIE: That's fair enough. One last question was the turn of events, as Charles Bohlen has implied in his recent book *Witness to History*, a kind of inevitable turn of events, due to ideological dimension of Soviet-American relations, that given Soviet paranoia about inevitable conflict, and of course, the historic fear of outsiders, that it did turn out the way it did.

ARMSTRONG: I think so, given the ideological and historical background of the USSR, and given the turn of mind of Stalin, I think it would have been a miracle if anything else had happened. And you don't get that kind of miracles. So, it happened; it was fairly simple. I always was a strong admirer of Bohlen's. I worked for him; he was my boss in my first job in the Embassy in

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Moscow in '39. I went to the lunch the other day at which he spoke and had a word with him afterwards. I haven't read his book yet, but I'm sure it's a good book, because he's careful and he's pragmatic and, basically, suspicious, but he can be convinced by facts, and that's the way you should be. I think he's much better than Mr. Kennan. Mr. Kennan goes off in great flights of fancy in various directions. They are intellectually more interesting, maybe, but don't really tell you quite that much about the subject you're dealing with as Mr. Bohlen does. He says, "Well, the Russians are here and this is what they're like, and this is the way they are likely to move."

You remember the event of Yugoslavia pulling itself away from the Russians? That was about '49, and at that time we were treating the Yugoslavs just like any other Soviet satellites, in export control. We wouldn't let them have a damn thing that was worth anything. When the Jugs declared their independence, I was on the economic side dealing with these things, but my own background

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in Soviet affairs made me realize that this was a qualitative change in the situation and we should immediately alter our export control policy toward Yugoslavia. In the atmosphere in 1949, with McCarthyism, this wasn't always the easiest thing to do. Fortunately there was a man on the Policy Planning Staff, named George Joyce, who perceived the thing the same way. He was sort of the Eastern European guy of the Policy Planning Staff. So we got together and got a paper approved by the Secretary and the President, which in effect said that since there has been a political change there should be a consequential change in the export control. We got it changed in a week and called the Yugoslavs in and said, "Now, out of all those things that you said you wanted to buy, what's most important and what could we approve?" And that went on from there into Yugoslav aid and so forth. My own training in Soviet affairs led me to recognize this as a qualitative change that wasn't all that visible to other people. We had a terrible time with the Commerce Department, of course, but we eventually made it.

MCKINZIE: When George Kennan left the Policy Planning Staff he says in his memoirs, he left because it was no longer possible for the Policy Planning Staff to take its recommendations directly to the Secretary. It suddenly evolved, out of the course of events, that Policy Planning Staff work was going to be subject to the same kind of line approval that any other organization within any other part of the Department was going to be, and he thought that that diluted the kind of purity of the recommendations. That you didn't get a whole; that you got kind of compromise things before it went to the Secretary, and he contends that that was the major reason that he left.

Now, I guess what I am fishing for here is some kind of comment on whether there is any validity to his idea?

ARMSTRONG: I think there is in terms of what he thought the job was, but whether the rest of the Department felt that that was a good way for his job to be is a totally separate question. There were a

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lot of people who felt, "Well, if you're working on a line basis with policy, with the Secretary, and if this can suddenly be upset by somebody coming in at a high level from the side, without having what he thinks vetted by the guys who were dealing with the problem, this is unfair to the people charged with day-to-day policy."

Now, my only specific experience with George Kennan on a policy matter was a disaster, I thought. We talked to him in 1948 when we put export controls on to stop the security-important goods from going to Russia. He didn't want them put on, not because he was soft on the Russians, and not because he didn't think we should control the trade, but he thought we could stop what we wanted to by talking companies out of accepting orders. We tried hard to convince him that controls were the only effective and fair way to handle the matter, because (a) without them we wouldn't know what was being ordered, and (b) our advice not to ship would have no legal force.

And we struggled for quite a while, Clair

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Wilcox and I, trying to explain to him the way that the American economy ran, and how the American Government had to treat such matters, but we never succeeded in convincing him. I think he always does feel baffled in the economic field, but he is a great scholar and a fine, thoughtful man, and maybe he's better off without economics.

MCKINZIE: But in principle, you don't approve of the idea of someone being able to laterally move in with opinions?

ARMSTRONG: Well, I believe in a free discussion of policy options, yes, of course I do. I think it's all right to have anybody put a suggestion to the Secretary, but I think that when they are making a suggestion about an area of policy where the primary responsibility is somebody else's, they ought to give them the courtesy of saying, "I'm putting this to the Secretary, and maybe you'd like to put your paper in."

This is the normal way for the system to work. The Secretary is entitled to get as much advice as

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he can and to use it as he thinks best. The Policy Planning Staff performs a highly useful function, and Kennan was its first leader and founder. He deserves a lot of credit for it.

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