

Oral History Interview
with
W. JOHN KENNEY

Special Assistant to Under Secretary of the Navy,, Chairman, Navy Price Adjustment Board, and General Counsel, 1941-46; Under Secretary of Navy, 1947-49; Chief of Mission, ECA, in England, 1949-50; Deputy Director for Mutual Security, 1952.

Washington, D.C.

November 29, 1971 by Richard D. McKinzie and Theodore A. Wilson

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KENNEY: Well, it was twenty-two years ago that I left and went to London to become Chief of the ECA mission to the United Kingdom.

WILSON: Our purpose is somewhat different and ambivalent in a way; as our letter indicated we are working as private scholars, writing a study of foreign aid in the Truman administration, and we've also been commissioned by the Truman Library Institute to try to do as many interviews as possible for their own records. So, we've tended to emphasize the...

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KENNEY: I'll give you one of the best books that's been written on the origin of the Marshall plan. You've probably never seen it.

WILSON: No, I haven't.

MCKINZIE: No, I haven't.

WILSON: That's very interesting.

KENNEY: Well, actually that was done by my daughter as her graduating thesis at Vassar, and at that time I was head of the Mutual Security Agency, and on one of my committees was the president of Vassar. So, that was the job she assigned her, figuring that, of course, she'd be able to get more information. She did quite a good job, I think, so you might want to take that.

WILSON: Yes, if you have...

KENNEY: Yes, I have several here. It's got a lot of references in there to the people that she interviewed and talked with. That's the story about how the thing got started.

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WILSON: We are particularly interested in the kind of recollections which do not show up in the documentation. We've had the opportunity to see a good part, of course, of the State Department records. The EGA records for the period are not open, but persons such as Averell Harriman have allowed us to use his papers. We have your papers from the Truman Library and a number of other people.

KENNEY: Are my papers any good?

WILSON: They're not very helpful for this period.

KENNEY: I was afraid that would be the case.

WILSON: One of the questions we have is whether you have additional material. You had mentioned, I think, in one of the letters that you had some other material that was not on deposit.

KENNEY: Well, yes, I do. I've got my daily -- no, I guess they must be at home, because here I go up only through '48 and that would be before I went over to London.

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MCKINZIE: When you were Under Secretary of the Navy?

KENNEY: Yes. Yes, this is just what I keep as a matter of routine, which is everything that goes out. You can get a pretty good story from that. I've got some additional ones at home which I haven't brought down. I'll bring them down and take a check and see whether I've got any that

covers that period or not. They shouldn't be for the period I was in London, because I had a different secretary. I doubt if they were kept there, but when I was back in Washington, I took my regular secretary over with me. I suspect she may have kept them, I don't know. I just don't know; I haven't checked those to be frank with you. I'll check. I know I have some books at home; I just haven't looked at them.

MCKINZIE: Well, that's the kind of thing that historians and political scientists find very useful, because there's a kind of continuity to the story in that, where sometimes in other kinds of records there isn't much continuity to the story.

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KENNEY: That's right. You wonder what it's all about. I mean I must confess I read some of the things I wrote and it takes me a while to get the hang of it in my own recollections.

WILSON: Perhaps we might begin by going back a little further and asking you to place this into context. We are particularly interested in your role and your activities, how it happened that you came into Government service. You joined the Government in 1941, as I recall.

KENNEY: Oh, I joined the Government in January of 1941. Well, that's a very, very simple thing. I was practicing law in California and was back in Washington on business. I was very much exercised and concerned about what was happening in Europe and I went in to see Mr. Justice [William O.] Douglas, who was an old friend of mine. We had quite an extensive discussion for, oh, a couple of hours about what was happening and the feeling of the people of the country, and he said, "I'd like you to go down and meet Jim Forrestal."

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And I said, "Who the hell is he?"

He said, "Well, he's the fellow that's just been brought down and made Under Secretary of the Navy, an investment banker out of New York."

I said, "What does an investment banker out of New York know about these problems?"

He said, "No, you'll like this fellow. He's a first-class chap," and so picked up the phone and made an appointment for me to go down and see him.

So, I went down to see him and before I got out of his office he asked me to come back and join him. So, I agreed to join him. That was in November. I went home and cleaned up some affairs in my own office in Los Angeles and joined him shortly after the first of the year, in 1941.

WILSON: So many of the people we've interviewed have had this kind of experience with Government service during the war. Do you look back on it as being extremely important in shaping your views about the role the United States could play?

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KENNEY: Well, all of those things have an effect in shaping your views. As you see history unfold, it naturally has an effect on your own thinking. When you see how people behave, not only how your own people but other people who are on the other side of the fence behave, it necessarily leaves an impression on you. But you can't pinpoint any one thing that says this is what brought me to this conclusion.

WILSON: Many people have commented that their involvement with the production effort during the war convinced them that the United States did have the power to solve many of the problems that confronted the country in the postwar period, and this is a major reason why they stayed on or came back into Government service in the Truman administration.

KENNEY: I don't think there's any question as to the accuracy of that statement. It's just that people who were working on these problems, became very, very much involved. They felt because of the great

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strength that the United States demonstrated during the period of the war and for the period thereafter that we had a capacity to influence world events.

It dawned on a lot of people at that time that we're now a world power. We really weren't a world power before World War II. Let's face it, we thought we were, but we weren't. It was World War II that made us the great power, it brought us to the realization of our interest, both in Europe and in the Far East.

Now, maybe we've carried those things too far. Maybe we weren't able to accomplish as much as we thought we were able to accomplish. That's the thing that can be easily explained. But it was World War II that brought the world into the living rooms and bedrooms of a great many Americans who never had known that it existed, other than something that you read about in a book.

MCKINZIE: This is an issue that we've been trying to grapple with, the sudden realization on the part of

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so many people who were a part of the agencies in Government, that the United States had in a sense arrived; and they had to begin to make some plans for the postwar period. Did I think, make some plans for the postwar period in '43 and '44, and we've been concerned about getting at the assumptions on which they based their postwar plans; and I know that happened in the Navy Department, they had a plan for postwar Navy that was quite ambitious.

KENNEY: Oh, yes. Yes, the Navy had quite extensive plans as to what they felt was the necessary force to maintain the American presence abroad. I can't give you the figures on that, because I assume that you can get all those figures from the Navy Department records. It wasn't something that came by any one event; it was something that came gradually.

WILSON: Another problem that faced us -- and I think you are certainly capable of responding to this -- what should we do in trying to handle the problem one might title "the politics of bureaucracy." Certainly

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the Navy, at least the professional Navy, in the immediate postwar period has been termed a stronghold of bureaucracy. Did you find that to be true, working as Assistant Secretary and then as Under Secretary of the Navy, trying to get at these people to make them have a larger view of their responsibilities?

KENNEY: No. No, I had no problem whatsoever at the time I was in the Navy, which started in 1941 and ended in 1949.

Our greater problem in facing the problem that you've talked about, occurred in the earlier years rather than in the later years. Actually, the civilians were in a very unique position in the period following the termination of World War II insofar as the Navy was concerned. It was because practically all of the able-bodied, competent naval officers had been out of the United States for a long period of time. A great deal had happened in Washington. Many of us had been here in

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Washington, and been here and seen those changes, and we really knew more about the Navy Department organization in Washington than they did. So that we had no difficulty whatsoever in dealing with the officers and the people in the Chief of Naval Operations' office after the war.

WILSON: Might you comment on the general question of unification? Do you have views twenty-five years after the event about that?

KENNEY: Oh, I have a lot of views about unification. I made a lot of statements before Congress. I did not think it was the great cure-all for the problems of the military system and I think twenty-five years has demonstrated the correctness of my position. I think unification has not been a success.

When you talk about bureaucracy -- when you look at the bureaucracy that exists today in the Pentagon, compared with what we had in 1945, 6, 7, 8 and 9, prior to unification, hell, we were just amateurs getting started. Now they've got four people doing

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jobs where we had one.

WILSON: Well, that's quite true.

We've been told that if Mr. Forrestal and his people just under him had been subtracted from the unification equation, that it couldn't have worked at all. Is that correct? That in a way he shaped the New Department of Defense; worked as a personal kind of operation for the period he was there?

KENNEY: Well, I don't know whether you can say that or not. You've got to remember the type of unification that was proposed in the original act. It was the type of unification which I think is the only one that from a practical point of view can be workable, and that is what Forrestal initially endeavored to do. That was unification which looked upon the Secretary of Defense as the alter ego of the President of the United States as Commander in Chief, and, therefore, to that extent taking certain of the burdens off the President as Commander in Chief and placing them in the Secretary

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of Defense. It was not contemplated that the Department of Defense would become an operating organization to the extent that it has become today. That did not mean that it did not have control over the services, but that it was not something that they were to get into the details of what was to be done. And that is the way Forrestal started to manage or set up you might say, the Office of Secretary of Defense. You'll remember the initial act provided for a Secretary; it provided for no Deputy or Under Secretary of Defense; it provided for no Assistant Secretaries of Defense; it provided for merely three assistants, who would have helped him.

Now, that act, as passed by Congress, obviously contemplated that the work would still continue to be done down in the services, but subject to the control and direction of the Secretary of Defense in the same manner that the President of the United States had exercised control.

But then they gradually spread and spread until now -- I recently saw some directives issued

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by the Secretary of Defense, sending instructions to bases and camps outside the country as to how close the grass was to be cut. That's the type of ridiculousness that has produced this tremendous monstrosity which you've got over there, where you've got about four times as many men as they need. Because there are about eight people who can say "no" to any action that's to be taken, and very few that can say "yes."

WILSON: What was it like working for Forrestal?

KENNEY: He's a very delightful man to work with, very delightful. I'm very fond of him, have great affection for him; he was a man of great competency. He was sometimes difficult to work for in the sense that he worked himself very hard and he expected those who worked for him to work just as hard.

WILSON: He seems to have been very close to President Truman, in some ways at least, particularly in the sense that he was one of the earliest to sound the alarm about Soviet intentions; the Russian policy

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in 1945. Did you have any feeling that he was taking a strong and aggressive position on these issues when you were serving under him?

KENNEY: Well, yes, Forrestal took a very strong position. As a matter of fact, the man who probably as much as any was responsible for sort of pointing out to Forrestal the dangers of the Russian situation was his old friend Averell Harriman. That was where I first met Averell Harriman, when Averell would come back from abroad and Jim would have him over to meetings in the Navy Department and they would discuss the prospects for the future.

WILSON: I know this was subsidiary to your responsibilities while you were in the Navy Department, but one of the most interesting things that we've been dealing with is the question of occupation policy, the whole business of the American occupations of Germany and Japan. In a way the Navy was a witness, but here you have remarkably separate operations. The Army was running its own show, or individuals were running the show in these two places. Were people like

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Forrestal, or were you alarmed at what was going on, that there didn't seem to be any control, or very little control, at the highest levels over it?

KENNEY: Well, I wouldn't say that I would put it under alarm, because there was any absence of control in the highest places. The question of occupation, which was primarily an Army function, had good men in charge of it. You had, first, Lucius Clay, didn't you, in Europe, and Jack [John] McCloy. Men for whom I have great admiration. And no one can gainsay that during the initial years that MacArthur was in Japan he did an excellent job. Although very strangely, maybe, I was in Japan (I guess it was in the fall of 1946) and one of my recommendations to Mr. Forrestal when I came back was that General MacArthur should be ordered home for consultation. From having talked with him in Japan it became quite obvious to me that he had forgotten the fact that he had superiors. And, of course, that was subsequently reflected by the action

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which Mr. Truman had to take in removing him from command. The only thing that I would say was that I think Mr. Truman was a little late in taking that action; it should have been taken earlier.

MCKINZIE: Did you have a feeling that in 1946 that he had Japan on its way to economic self-sufficiency? That it was not going to be a continued burden in the tax sense, in a monetary sense?

KENNEY: That we did not; we in no way had that feeling in 1946. I can remember going down to the Navy yard in Yokosuka, which, of course, was the Navy responsibility, and we were very, very much concerned about the unemployment that existed there. This was an area where they used to employ between sixty and seventy thousand people. At that time there were between six and eight thousand employed. I felt so concerned about it that I ordered the repair of a lot of landing crafts that had been damaged at the Okinawa landing to be sent to the Yokosuka Navy Yard to be repaired. The primary purpose that I

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had in mind was to help the economy of Japan and provide some work for these people.

So, to say that in 1946 the economy of Japan looked like it was on its way is sheer nonsense.

WILSON: One historical interpretation of such activities as the Marshall plan in Europe has it that a major reason for some program such as the Marshall plan was the continued assertion from Germany and from Clay and his staff and a number of Congressmen who went to Germany, that unless we did something for Germany, unless we did something to solve this German problem, we were going to have this continued drain on our economy, this continued drain on the taxpayers. In a way it's like putting the cart before the horse -- that there was primary concern for Germany and then concern for Europe, rather than the usual interpretation of primary concern for Europe and then concern for Germany. Does that strike a chord at all?

KENNEY: No, it does not. I mean I would say that there

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was a concern for Europe as a whole, and of course, you can't think of Western Europe without thinking of Germany. Therefore, any thinking of the economic stability of Western Europe must of necessity think about Germany, plus the fact that we had seen what had happened in East Germany and we were scared to death (and I use the word "scared" in a very real term, we were really frightened), that if we didn't get Germany on its feet that there would be a vacuum created there into which would flow something which we would not like and that we would find our enemies not where they were further to the east, but right on the borders of Alsace-Lorraine; and we were hopeful that France would be able to recover, because France, of all of the countries of Europe, has a more balanced economy.

Therefore, we weren't really as concerned about France -- although we spent a lot of money in France; don't have the figures in front of me now, but we spent a lot of money in France -- but we felt that there was a good balance between agriculture, industry,

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exports, imports, trading, things of that kind, so that if any country should get on its feet and get on its feet fast it should have been France. In fact, several of us were kind of exasperated that it took it so goddamn long.

WILSON: Yes, that shows up in the record.

KENNEY: Well, I think the exasperation of this shows up. England was in an entirely different position. England didn't have the facilities; you had to spend a lot more money in England, which we did.

WILSON: May we ask you about how it happened that you were offered the appointment as the ECA mission chief in Great Britain and also about your decision, the whys and wherefores of your decisions to take on that job?

KENNEY: Well, in the spring of 1949 I took a trip to Europe; I was leaving the Navy Department and hadn't decided yet what I was going to do. While in Europe I stopped off in Paris, saw my friend Bill Foster -- with

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whom I was just talking a moment ago -- who was a deputy of Mr. Harriman in Paris, had dinner with the two of them, then went over to England and saw Lew Douglas, who was then the Ambassador to England, and discussed the problems of England. At that point, when I was in England, we got word that Forrestal had committed suicide.

Of course, the last thing in the world I then wanted to do was to -- really, I wasn't interested in coming back to Washington. But Tom [Thomas K.] Finletter had decided that he was going to leave as chief of mission in London, so then when I came back here to Washington Paul Hoffman offered me the job in London.

WILSON: I see. We have the impression that -- if not recruited before -- that your name had come up on several occasions before to take a role in the ECA. Had this come to your attention?

KENNEY: That I wasn't aware of. Of course, Governor Harriman was an old friend and some mention was made

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sort of in passing, which I didn't take very seriously, because the last thing in the world I wanted to do was to get back in Government. After having been through the tragedy of Mr. Forrestal's breakdown and death, I wasn't really interested in going back into Government, to be frank with you.

WILSON: How did they sell you? What arguments did they use to convince you?

KENNEY: Well, I finally decided that it was just the thing to do. I was told the figures about what was happening to the British economy and there was a possible risk of devaluation coming up; so I decided to do it.

WILSON: Did you feel that the organization was in good shape?

KENNEY: Tom Finletter left me a very, very excellent organization in London.

WILSON: Did Ambassador Douglas stay on for a time?

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KENNEY: He was on there for awhile, yes. He didn't do much from the time I got there, because he had that very bad accident to his eye, you remember. He was out fishing and he caught a fishhook in his eye and, therefore, actually from the time I was there in '49, until I left in the fall of '50, he did very little work.

WILSON: We have the impression from the records that the relationship between the mission chief and the mission organization and the Ambassador and his staff in England was very good in contrast with some other places in Europe.

KENNEY: Well, let me say that that relationship, as it existed in England, was due primarily not to the Ambassador, but due primarily to Julius Holmes, who was the minister in charge. Mr. Holmes was an old, old friend of mine. As a matter of fact, when I first went to London I lived with him; and we very early in my stay there developed a *modus operandi*

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WILSON: If you had not had these personal relationships, do you think that, as it certainly did happen elsewhere, the ambiguity between the role of the responsibilities of a mission chief and the responsibilities and interests of the "traditional diplomatic representatives" might have brought them into conflict?

KENNEY: I think it probably would have. Yes, I don't think there is any question it would have.

WILSON: Did you find that the British tended to come to you as the person with the money?

KENNEY: No, no. No, very early Julius and I worked out an arrangement which worked very well. I said, "Julius, I don't want anything to do with your diplomatic affairs; I don't want to come near the foreign Office, but I want you to keep your people away from the Treasury." And it was just as simple as that.

WILSON: Perhaps part explanation of this is that the British have separated, to a better degree, or a more

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complete degree, the responsibilities of Treasury and the Foreign Office, diplomatic and economic foreign policy.

KENNEY: My nose would have gotten out of joint if I had seen people from the political section in the Embassy going down to the Treasury. By the same token, I would have felt that they would have been right in protesting if some of my people had been floating around the Foreign Office. We didn't belong there; we were there doing another job. We were two distinct, different groups. Now, there were certain areas where our functions crossed over, but there wasn't any need for difficulties.

WILSON: What about the staff on the U.S. side? It's very complicated, at least on paper. That is, you have not only an ECA mission reporting to Washington, but also reporting to a special representative in Europe. You also have U.S. Treasury representatives, with interests in British problems; you have Agriculture, Commerce, Labor, a number of other American

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agencies. On paper it would suggest that this would cause difficulty. Did it in fact, or were solutions found?

KENNEY: Well, we found solutions in London, because, as I say, Julius is -- well, he's dead now, unfortunately -- was a very intelligent man, and he understood the problem. You see, what produced the greatest amount of friction, the greatest amount of difficulty, were a great many old-line, old time, Foreign Service officers. They failed to realize that the position of the United States abroad was increased tenfold. It was no longer the same situation that had been back before World War II, when all you had to do was to go out to a certain number of social functions and you'd performed your duties. Today we have an interest in the economic matters, because, one, we were providing the money; we weren't providing that before World War II. They didn't have any economists that were worth a damn. We were interested in the financial problems because of the Treasury Department.

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And I'll say this, the Treasury Department had excellent men abroad. Now, that was a field in which the State Department didn't have any competency. The man with whom I did a great deal of work with, in the Embassy, was a fellow named Sammy Berger.

Now, Sammy Berger came out of the University of Wisconsin, and was a labor specialist. Harriman had taken him over to London when Harriman had been there during the war.

WILSON: Lend-lease, right?

KENNEY: In the lend-lease operation in the war. So, Harriman said if there is anything you want to know about what's going on in England you talk to Sammy Berger.

So, I hadn't been there a day or two and Sammy came around to see me and we became very close friends, which we are up to this day; and when we had the change of government in 1946 from the Conservatives to the Labor Government, Sammy was the only man in the Embassy who knew anybody

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in the Labor Department.

That's what produced a lot of these so-called frictions and problems in these other areas. The fact was that there were an awful lot of people, old line Foreign Service officers that just did not comprehend the broader role the United States was playing and would continue to play for some time.

MCKINZIE: Might you talk just a little bit about your relationship with the British. We know something about early plans to set the British economy straight. By the time you got there most of the plans were of a financial nature, were they not, to keep the pound from being devaluated? Or were you still involved in a number of industrial, major capital investment kind of schemes?

KENNEY: We had a certain number of commercial projects in which we were interested. The steel plant in Wales was probably the biggest one. But, again, most of those things were handled in a fiscal way, by the British Government, because -- just remember that

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you had in the British Government a responsible government, who knew what a balanced budget was and what an unbalanced budget meant. Therefore, insofar as they were doing things to correct the things, and doing them within a balanced budget, our providing of the dollars, the foreign exchange to take care of the cost of these things, solved the British problem. Rather than our getting in and building projects the way they had to do in certain other countries, which I shall not name, who did not have the same fiscal responsibility that the British had.

WILSON: You had a lever, potentially a lever, in the counterpart funds, and I can't think of any instance when counterpart was used, or when the United States Government demanded or pushed for a particular...

KENNEY: In England we did not use the counterpart funds for specific projects, except in a few minor instances. The main reason is that these projects which we approved of were handled by the British treasury and the only problem, was the getting of

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foreign exchange so that we applied our counterpart to a large extent in keeping the budget of England in balance.

Now, if you had a government that was not behaving in a responsive manner, the action of the mission chief would probably have been quite different. I'm sure my own action would have been quite different.

WILSON: By 1949, the impetus for nationalization had not been concluded in Great Britain; there was some continued nationalization, but we have the impression that the American alarm about Socialism and all of this had died down. Is that correct? Did you still have Congressmen coming over and saying, "Hey, what's all this?"

KENNEY: Oh, yes. Oh, yes, we had people who came over who would make fervent speeches about the British health program and about this or that; but there wasn't the depth of feeling, I don't think, in '49 and '50 that there had been earlier.

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Now, some of us weren't happy about the nationalization of, say the steel industry, or the nationalization of the coal, but on the other hand, we all recognized the fact that England was in one hell of a mess and something had to be done.

WILSON: Had the British with whom you dealt fully recognized the mess that they were in by that time?

KENNEY: Oh, yes. They were very good to deal with. We had a London committee which consisted of Sir Leslie Rowan, who's now the chairman of Vickers, and was the Treasury representative. The Foreign Office representative, as I recall, was Roger Makins, who was subsequently the British Ambassador here; and I was the American representative. Previous to

that Tom Finletter had been. And we would generally describe what projects were needed in order to strengthen the British economy.

WILSON: At the time you went to Great Britain the Marshall plan had been in operation a full year, and there had been some pressure and certainly a great deal of public

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attention to the goal of using the Marshall plan and using the operations of the OEEC to set Europe on the way to unity. And certainly the British were dragging their feet -- I think that's fair -- had been during that first year.

KENNEY: I would say that that's an understatement.

WILSON: Okay. Can you recollect your position?

KENNEY: Oh, yes. I discovered very early in my period of time over there, whenever I would go over to the Continent I would go to the Hague for a conference and just discuss what was going to be done. At that time we were working quite strongly on what subsequently became known as the European Payments Union. The British were dragging their feet on that, and the reason that they gave was their responsibility towards the Commonwealth, and the Commonwealth countries, and then they were a little skeptical as to what they could do with that.

Well, meanwhile, our friends in the Continent, they'd promise you everything. Of course, you knew

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perfectly good and well they wouldn't live up to 20 percent of them, but they'd promise you everything. So, my friends in Paris with whom I had a great deal of difficulty, in a friendly sort of way, I might say, were always telling me why can't you get the British to agree and go along? Why can't they be nice and agreeable like the Italians or the Greeks or somebody else?

And I'd say, "For the perfectly obvious reason that when they agree with it, they intend to do it. The Italians have to intention of doing it." And I found when I'd go to meetings, wherever it was, I'd run into the foreign ministers from the various countries, Austria, Italy, Finland; they'd get me aside always at dinner, and afterwards, and say, "What's the U.K. going to do about this?"

And I used to tell my British friends; "I wish you'd do something more in the Continent, because while you might not be liked or loved over there, goddamn it, you're respected."

And that was the hardest point to get across

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to the British; I mean they didn't want to go into the Continent at that time. I think that's one of the regrettable errors of that period, that the British did not exercise their influence and experience on the Continent and become more of the Continent and with the Continent as Heath

said recently in his speech, "When they become part of the Common Market, they're going to be all the way."

But, of course, don't forget that at that time they had a hell of a lot of obligations overhanging their head, which made their economic situation look even worse than it actually was. Remember that you'd taken the money from all of the Commonwealth countries...

WILSON: The sterling balance problem.

KENNEY: ...so-called unrequited balances, and unrequited exports which you used to see in reports. I've forgotten the figure that India had; it was a tremendous amount, and you had the same thing all over. That just meant that the productive capacity of England to

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a large extent was going for so-called unrequited exports, which didn't produce anything. It was merely paying off their obligations that they'd incurred during the war.

WILSON: Let me ask a difficult question. We interviewed a number of individuals in Europe a couple of summers ago for this project, and several of them said one reason the British did not go any further in these multinational organizations and programs was that the British always could fall back on this "special relationship" with the United States, that the British Government was persuaded that the United States would not push too much, because of linguistic ties, and the war effort, and a bundle of reasons, that the United States would not push Great Britain too much. Was there a special relationship?

KENNEY: I wish there had been. I was one who was an advocate of this special relationship, because I took the position and I felt that what we ought to do is to agree between ourselves and then tell the

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rest of the world what we were going to do. And I think we'd have been a lot better off. But there was a very, very strong feeling in the State Department at that time, that the United Kingdom was only one of the many nations in the world and had no different position in the United States than any other.

So, I regret to say that there was not that special relationship there, which I think if it had been might have made things a little easier.

MCKINZIE: You were mission chief at the time when things were in great flux and changed pretty much from economic development to military rearmament.

KENNEY: Yes, I went through that period.

MCKINZIE: The formation of NATO and the tenseness that built up prior to the Korean conflict.

KENNEY: Yes, that's right.

MCKINZIE: Was there any concern in Britain that some of the plans that had been laid before the emphasis

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on military buildup would somehow now be destroyed by virtue of the emphasis on NATO and on the kind of rearmament? Do you recall any problems involved with the switch from -- or the new interest, as I should put it, on...

KENNEY: No, I don't, because by that time we had pretty well completed our program of economic recovery as far as the Marshall plan was concerned. So, the NATO and its obligations were something which came on later. That's the reason why they established the Mutual Security Agency, because most of the work for which the ECA was set up for had been accomplished and there were only a few countries to which they felt they were going to have the need to give economic aid. But with the establishment of NATO, and the so-called "meeting of the wise men" which consisted of -- that was Harriman, [Sir Edwin Noel] Plowden, and who else?

WILSON: [Jean] Monnet, wasn't it Monnet?

KENNEY: Monnet I think was in it, yes. Or was it that

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bright young fellow Marjolin.

WILSON: Oh, Robert Marjolin.

KENNEY: I don't know whether Marjolin was. I think Marjolin certainly was working with the French on that. Eddie Plowden was the British representative, and Harriman was the American representative. I think when you stop to analyze it that is really one of the high points of American diplomacy. There was a time when all of these countries sat down and laid their figures on the table, for all to see, and they agreed on a program. You couldn't do that today.

That was the basis that the French support would be so much -- of course, the French have now reneged on their support. The British would do so much, and other countries would do so much, and the American support would be so much.

Now, that was all done sitting across the table by sheer negotiation, because it was no good to put this money in the European Recovery Program and then have it all wiped away with a military program.

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Because the budget of a country only has so much money, and if you're going to use extra for military, it's got to come out of something else. So, that's what we did. It was to pick up the cost of the portions that would hurt economic recovery. That was the philosophy of the Mutual Security program.

WILSON: I threw in a humorous question awhile ago about congressional junketing in all of this. How much of your time was spent, while serving as U.S. representative, also trying to persuade the British that Congress had a crucial role to play in these programs, which it did, obviously; to explain the American system, and also to deal with the various congressional people who came through.

KENNEY: Well, I had 166 Congressmen and Senators who appeared in London in the six month period commencing in June of 1949 to the fall of 1949. I saw and talked to every one of them, and with very, very few exceptions, it was a very pleasant experience. It was a question of educating them to what the

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problem was. I had a briefing, which after I had gone through it about four or five times I could give in my sleep; but it puts you on your toes. You had to explain to them what we were doing, and a lot of them would have a lot of questions. Don't forget, these fellows had to come back home and get elected.

WILSON: Right.

We talked to Dean Acheson this past summer before he passed on, and he said -- and I'm sure you know his views about Congressmen -- and he said almost all of these people were non-educable.

KENNEY: Well, I disagree with him on that.

WILSON: You did think that...

KENNEY: I would disagree with my friend Dean on that; because I found them educable.

WILSON: With a few exceptions they were open to finding out what the problems were and they would take the information you gave as being not propaganda four particular agencies, particular points of view, but

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as being the truth, the real material?

KENNEY: They always did, they always did with me; I had good....

WILSON: That's very helpful. The whole business of junkets, I know we've seen records, some of Governor Harriman's papers, kind of things that people coming through Paris continually, but there isn't information about the reaction of people who were there. There is about what was done and such and such an itinerary, but not the reaction of, "Well, is this guy worthless, and did he learn anything at all from this, or was it a complete waste, or very helpful?"

KENNEY: Well, I'll tell you an interesting story on this, kind of humorous little story. I will not name the two Congressmen that are involved, but one of them I had known for a good many years before, and one I had not known, it was my first meeting. One I had known in the Navy. He had served in London during the war and he had a lot of friends. And they appeared in London. The first I heard that they had

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arrived in London was one morning I came into my office in the Embassy and one of the members of my staff came in and said I was in a terrible jam, that the British customs had picked up the luggage of these two Congressmen coming in and were holding them.

Well, I inquired who they were, and I was very pleased to discover that one of them was a friend of mine. And what he had done, he had brought over a lot of nylon stockings and things (he was in the textile business) he wanted to give the wives of friends whom had been nice to him when he had been on duty in London. And, as I believe I said earlier, and I don't know whether it got recorded or not, the first I heard was when the man in the office said that these two fellows arrived and all of their baggage was confiscated.

Well, I decided that the best thing to do was to take a good offense, and they said they were coming in to see me at 11 o'clock in the morning. So, they arrived at 11 o'clock and I said, "Well,

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I understand you had trouble last night. It goddamn well serves you right. You come in here like a pair of thieves in the night without letting me know you're here. Your luggage has been taken, you should have been thrown in jail. Don't ever do it again. I've gotten your luggage released; it's here, you can take it with you and do what you want to."

And then I gave a dinner for them that night at one of the restaurants in London where there were several representatives from the British Government; and one of them became a little intoxicated and so I kept him away from the representative of the British Government, and he was very quiet. Finally, the dinner was over and Roger Makins, who was the ranking guest, got up to go and said goodnight, and with that my friend got up and said, "I just want to be sure that there's no misunderstanding. I've been very quiet tonight, but so far as I'm concerned, we ought to pull the plug on the bastards."

Whereupon Sir Roger quietly said, "Well, I think I should stay a little longer," and he took

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off his hat and coat and sat down and proceeded to talk to the Congressmen.

Well, when the vote was taken on the aid bill and the amount that was to be allocated the United Kingdom, that Congressman voted in support of it.

WILSON: A minor point. I had a very pleasant lunch with Sir Roger Makins a few years ago in London, excellent luncheon. It occurred to me, did you ever have any problems -- Great Britain was still on rationing at this time -- was there ever any of the sort of thing that I've heard about in

recent years in the aid program, Americans living high on the hog, American representatives abroad living extremely well, while on the other hand some not living well enough?

KENNEY: Well, what I did was, when I did any entertainment of Americans abroad I always insisted that it be dole within the ration schedule.

WILSON: I see.

KENNEY: Because I didn't want people coming there to get

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a wrong impression, because you'd always get these stories of someone coming in and they'd go to one of the good hotels and they'd be able to get butter and eggs and things which were not available, so they'd say this rationing thing is just a joke in England. Well, it was not a joke. So, I always insisted that whatever they got fed, it was what we could buy in the markets and what an Englishman could buy.

MCKINZIE: Very good. The business of what you could buy and what people could buy, were you pretty well isolated from pressures of domestic producers to sell through the Marshall plan? There were some producing groups, the West Coast citrus producers for example, who saw in the Marshall plan a kind of outlet if they could just tap it for their products. At the operational level, let's say, at the mission chief level, did you get spared those kinds of...

KENNEY: I never ran into that. Of course, the greatest interest I think was in the tobacco industry. The

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tobacco people pushed their sales to a far greater extent than the citrus industry did. Let me say that in defense of the citrus industry. Of course, historically speaking the California citrus industry had shipped a great deal to the United Kingdom.

Now, of course, the whole fruit market on the West Coast, oddly enough, has been lost as an export.

You look at the figures before World War II. It's been taken up by Africans, Spanish, Italians and elsewhere, so that now you practically see no American fruit in Europe at all; whereas we used to see a great deal of it. They take their boats through the canal to the West Coast of the United States, go back through the canal, then across to Europe. This represented substantial exports. I wish I had a book here that had the figures on exports, mainly to see what the difference in export of fruits was -- the United States to Europe, pre-World War II and subsequent.

MCKINZIE: It's a major market adjustment; new producers then just squeezed them out.

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KENNEY: Yes. Our general position was to let them go to the normal, natural markets, because otherwise you produced very bad situations. The tobacco is one which I happen to know

something about, which I felt very strongly about -- because we supported exports of tobacco to Germany. Now, Germany had, historically speaking, generally gotten their tobacco from Greece.

WILSON: Right.

KENNEY: Now, by our providing the money to buy American tobacco, the Germans didn't buy the Greek tobacco; therefore, we had also to support Greece. Now it was during the period when I was head of the Mutual Security Agency, we endeavored to cut down on funds for the purchase of tobacco, but ran into difficulties.

WILSON: Was that in part because of the well-organized and well-financed tobacco lobby?

KENNEY: I don't know whether it's a lobby. There was a

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Congressman who would hold up your appropriations. Let's face it, you're up against the facts of life.

WILSON: Right. What about the provisions for shipping 50 percent of goods in American bottoms. That was a matter of continuing debate. The British accepted that as a fact of life, also?

KENNEY: Well, it was a fact of life. That's just the type we lost, and probably should have lost, really. Because I don't think it was too much to expect, with out shipping industry being in the state that it was, that they could at least get a portion of the shipping going out. And 50 percent isn't a great deal when you consider the amount that we were doing. I remember I opposed it, but I'm not so sure that I was right.

WILSON: It was particularly important in the recession of 1949, because it hit the New England ports, the New England ports in particular. The recession was bad in New England and this seemed to be particularly important and helpful to them.

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KENNEY: Well, our merchant marine, as you know, has never been a healthy part of our economy, and I think they had a justifiable desire to get assistance. Of course, what irked us was the fact that we didn't feel that the foreign aid program should be charged with the cost of supporting the merchant marine. If the merchant marine needed support, it should have gotten support elsewhere. Now, from the point of pure theory, that is perfectly correct, the theoretical point of view.

WILSON: What caused you to decide to come back to the United States in 1950?

KENNEY: My mother was dying of cancer. And I knew she had only a limited period to live and being an only child I wanted to spend a certain amount of time with her for the last few months she had to live; so that's why I returned.

WILSON: You came back then into Government in 1952?

KENNEY: I came back in 1952 as head of the agency, yes.

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WILSON: Right. Was anything different. It was almost -- well, I shouldn't say almost all military -- but certainly the Korean war had wrought some changes, and there was tremendous emphasis on military assistance at that time. Did you find a different...

KENNEY: There was a much greater emphasis on military, although I had been through that at the start, because, as you remember, initially, the military operations were handled out of the ECA offices in Europe, and was prior to the time when the military assistance programs were set up.

When I came back, they had very neatly divided everything into three different categories, which I think was the wise thing to do. They put the military over in the Defense Department, which is where it belonged. They put the Point IV program in the State Department and they put the economic part with us, which I was in favor of. I didn't want anything to do with the Point IV because it takes a different type of person to administer an economic program than it does to administer a Point IV program.

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And, of course, the military I thought was purely a military program and I thought it should have stood on its own bottom.

WILSON: Certainly one of the key problems, perhaps the key issue in this period dealing with the economic side of Mutual Security, was the question of military production. Where it was to go; how it was to be done.

There was some evidence that people such as Eisenhower were arguing that more production of military equipment, for example jet fighters, should have been done on the spot. That there were jet engine facilities in Italy that could have been used to produce Shooting Star or Saber jets, and they were not used; that .was retained in the United States. Retained primarily to maintain a lead fox the American aircraft industry over the European, or whatever, I think at considerable additional cost. Is that a correct statement of what happened?

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In one record that we've seen, Eisenhower was quite incensed about this problem. I think this came in '51, or early '52 perhaps. Did you come upon this often, that desire of some parts of the military establishment at home, and certainly some parts of the Government, to retain control of the new weapons, new techniques for production?

KENNEDY: No question about that the military looked upon the military aid program in those days as really being sort of an adjunct of the overall military program. As I sometimes said, "I've always suspected that the Korean war was financed out of the military aid program'."

WILSON: That's very interesting.

KENNEY: Now, I can't prove that, but I've always sort of suspected that, and I've accused some of my friends in the military.

We had a problem with some foreign countries, and complaints were made to me when I would go over to talk about the economic aspect of the program,

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which was supposed to pick up the portion that they were diverting to military. And some of these countries were pretty indignant when they were discovering that they were getting an older vintage of planes and being charged under the military program for the new planes. In other words, the new planes that we'd bought with the military aid funds would go to our forces and the old stuff would be sent over there.

Now, I suppose from a good American point of view, that's probably all right, but not from the point of view of looking at it as a program...

WILSON: Let me ask you this question: NATO never achieved its objectives in the sense of putting into the field the number of divisions, the number of tanks, the number of airplanes it had planned.

KENNEY: No.

WILSON: There was considerable confusion at the time about NATO's broader purpose, its aims. Did you believe that NATO could or would accomplish its

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objectives both in terms of personnel in the field, equipment, and all of this and that? Was NATO alone, without any American strategic bomber force, a viable deterrent?

KENNEY: It was certainly our feeling that it was within the capabilities of those countries to do that, and that that would provide enough deterrent to the Russians so that it would give us a chance to build up and come in. Now, I don't think they ever really attained that position. You probably had better talk to the military people on that rather than to me. I got a little provoked at the military, in spite of my many years in the Defense Department, because I never could get the figures down as to how much they were going to give a particular country. It made a great deal of difference, because if they were going to throw in a hundred million dollars of military equipment, then perhaps they didn't need this much economic assistance.

WILSON: Was it congenital secrecy or was it...

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KENNEY: Just plain goddamn difficult; they didn't trust me, I guess.

WILSON: Well, those comments of yours have mirrored exactly the comments of other people.

KENNEY: Maybe they knew my objection to what they were doing over there, but I never could get the figures out. You see, we never would tell a country how much aid it was going to get until after the bill had passed Congress. If you remember looking at those bills, you never see a breakdown by country by country.

Now, the staffs up there, they'd have the figures. We'd given them the figures as to what we estimate we're going to put in the countries. But we never wanted that made public because of the perfectly obvious reason that we didn't want to lose our bargaining position with these countries.

When I headed the agency I made a policy that after Congress had given us our appropriation, "X" billions of dollars, or whatever it might be, or

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"X" hundreds of millions, I would then go to Paris, pick up our plane that we had and would then fly to the various capitals of Europe and discuss the matter with the chiefs of my mission, with the military people, with the Ambassadors, and would then try to arrive at the figure which we would give. We had perimeters within which we could work, and I always had a terrible time to find out what they were going to give in the way of military aid.

WILSON: We don't want to keep you too long, but one question does occur here; it's been said, also, not only that the Korean war was financed out of foreign aid, but that the Indochina war was financed out of foreign aid.

KENNEY: I suspected that it was.

WILSON: Well, that comment duplicates exactly comments made by both Averell Harriman and Dean Acheson, too.

KENNEY: I've discussed this with both of them.

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WILSON: Well, the French were in a very difficult position in this period. There was pressure from the United States to get a larger French commitment to NATO, in the field -- troops -- and the French argued, continued to argue that they had problems of inflation and they also had the problem of Indochina. Kind of looking at the figures of American aid, and then looking at the French expenses for the Indochina war, it's a very interesting parallel. I'm sure that parallel was made in Washington, and that you made the same sort of notations that if the French had not been involved in Indochina they could have, would have, done much more.

What was the view? Was it a view that this was an absolutely necessary kind of operation that the French were engaged in or that they were too deeply engaged -- that it was impossible for them to get out?

KENNEY: Well, you must remember that we supported the French operation there. We felt it was, rightly

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or wrongly I'm not prepared to say, but there's no question that it was Government policy to support the French in Indochina. Not necessarily because we loved French colonialism, but the other side of the coin looked a lot worse to us.

WILSON: There had been early pressure to try to have some kind of statement by the French that they would allow autonomy to Indochina. That they would do something indicating that at some stage independence would be on the road. This pressure seems to have ceased with the Korean War. Is the connection that obvious, that if we stop the Chinese Communists in Korea – well, what's the next obvious place for...

KENNEY: Well, I just can't answer that; I didn't run into that particular problem.

WILSON: Did you stay in until the end of the Truman administration?

KENNEY: Yes.

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WILSON: What were the last days like?

KENNEY: Well, when I say I stayed in until the end, I stayed in until December 1952, which was within a...

WILSON: Month.

Was there great concern about what the Republicans would do to the foreign aid, to Mutual Security? Alarm?

KENNEY: No, I don't think that there was any particular alarm about it. I can remember my last few months in office were spent primarily in preparing a briefing for my successor, Stassen, as to what we'd done. I remember I insisted that they be spelled out in this report, which was turned over to him, the bad as well as the good, so that he could see where we had made mistakes and wouldn't make them.

MCKINZIE: You don't have to answer this question if you don't care to, but Stanley Andrews, who was the

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head of the Point IV agency at that time, is now quite bitter about Governor Stassen, and his dealings with him in that transition period. He thought that Governor Stassen, one, either didn't understand the Point IV program, or didn't want to understand it, and afterwards made it into quite something other than what it had been during the Truman administration. Did you have the feeling that Governor Stassen had his own mind made up before he took over that agency, or was he willing to learn?

KENNEY: Well, notwithstanding the fact that I had known Governor Stassen for a good many years before that, and up until that time had held a very high regard for him, I wrote him and sent communications to him. I never heard a word from him. He never as much as said yea or nay to me and so I have never spoken to the son of a bitch since. Now, does that answer your question?

MCKINZIE: Yes, that does. And that confirms again some...

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KENNEY: Well, you know I had a funny little playback on this. I'd left the Government; was in fact practicing law and I got this report that Joe McCarthy was going to investigate a lot of the people in the Mutual Security Agency as security risks. I became a little concerned about this because I didn't know how well Mr. Stassen would protect them, so I sent an offer up to Senator McCarthy's committee offering to testify in behalf of anyone who had been employed during the period I was head of the agency. I was never called, but, needless to say, my popularity in the organization increased a great deal during that time and Mr. Stassen's went down. This is not one of Harold Stassen's better periods. Why he flubbed that thing so badly I don't know. Yet I got the reports the first few months; he was looking good and I said, "Yes, he should, he's had some wonderful briefings on this thing."

WILSON: Yes.

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KENNEY: But then when he got off on his own he fell on his face. I can't tell you the number of people who were so disgusted with the way he was running the operation they'd come to me and want to quit. I can remember one particularly close to me, now dead, Mel Locher, who had been an assistant of mine, and I said, "You wait until you get cleared for security, and then you're all right." Because Stassen immediately had ordered that everybody be checked for security risks; and I said, "If you quit now, they'll immediately have you labeled as having been a security risk."

So, the moment he got cleared for security, he went in and told Stassen he could have his goddamn job, take it.

WILSON: Did you have much pressure from McCarthy about...

KENNEY: No.

WILSON: I had the impression that the record of the MSS, is a very good one in that respect.

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KENNEY: Yes. No, he never bothered me. There was only one instance, I recall, and that was Homer Ferguson. Homer Ferguson called me one day and said, "Why do you hire all these Communists?"

I said, "Homer, you know I'm not a Communist."

He said, "I'm not talking about you, but it's the people you have down there."

"Well, now," I said, "what do you mean?"

He said, "Well, I've got this report coming out; it's going to be released in my state."

I said, "Well, could I have a look at it?"

He said, "Sure, sure."

So, I went down there and had a look at it; it was a rather vicious attack on a man for some things that he had done twenty years ago when he was in college. He had belonged to a Socialist party when he was in college and said a lot of silly things. I thanked him very much and so that when the release came out I was able to make a statement in reply, and that was all we ever heard of it.

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But that's the only instance I know of where we were ever bothered. Of course, we always, to the best of our ability, checked with security.

WILSON: I think that Averell Harriman said at one time that the procedures enforced by the MSA were much stronger in some ways than in almost all other Government agencies.

KENNEY: I think they were, because we were dealing with a lot of very, very classified information, not only of our own, but sometimes of other countries. We were in a particularly precarious thing, so that you had to be particularly certain that you did not have people who were going to talk too much.

MCKINZIE: Along the same lines, in 1952 there's some evidence that some people were becoming rather demoralized about the future of the Truman administration, or the Democratic regime in Washington. How was the morale in Mutual Security and do you have any Harry Truman stories that you would...

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KENNEY: Well, the only thing I can say is that Mr. Truman was one of the most delightful, charming men to work for that you would ever encounter. When he put you in a job he placed his utmost confidence in you. I never had as much as 24 hours wait to get in to see him if I wanted to see him on anything.

MCKINZIE: It seems things have changed since then.

KENNEY: I know. I know. That's the reason why I say that, because I hear reports from some of my friends in the present administration and they haven't seen the President in six months. Our offices in the Miatco Building, which is on the corner of 17th and H, is only a three or four minute walk from the White House. And I'd call up and inquire about his schedule, if I could get in to see him, and they'd say, "Oh, he's pretty busy today, but we'll see if we can't squeeze you

in," and I always was able to get in if I had some particular problem. And he always placed matters in your control, and under your responsibility.

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I can remember one time there was a chap, who I didn't particularly care for, who was our Ambassador to Ireland, and he sent an impassioned plea to Mr. Truman to get more money for Ireland.

Well, Ireland didn't have a relatively high rate of priority on our program at that time as you can imagine, but Mr. Truman sent it over to me to answer. I wrote the Ambassador that the needs of Ireland had been seriously considered and I regretted that there were not available funds to increase the grant already made.

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