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Oral History interview
with
DR. GUIDO PREGLAU

Vienna, Austria
July 24, 1970

by Theodore A. Wilson, University of Kansas

WILSON: Would you attempt to describe the political, economic and social climates into which this aid was introduced?

PREGLAU: Well, politically, Austria was occupied by the four powers, which meant limited power for the Austrian Government and Parliament. Any bill enacted by Parliament had to be approved by the High Commission for Austria. As early as April 27, 1945, that is,

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before the end of hostilities, a provincial government had been formed in Vienna. On November 25 the first all-Austria elections took place. On November 28 a new government was formed on the basis of the coalition of the three political parties existing. After the departure of the Communists, on November 19, 1947, the Christian Social People's Party and the Socialists remained in the coalition government.

Economically, a large part of Austria's industries had been destroyed or heavily damaged by war action or dismantling. The surviving industries were suffering from lack of raw materials and manpower; many prisoners of war had not been released. In addition, a large number of industrial enterprises situated in the Russian occupation zone were claimed to be German property and, as such, placed under Russian administration, exercised by what it called " " ."
Consequently, these were removed from Austrian control. There was also a lack of imported raw materials, lack of food, and a problem of displaced persons. The

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far-reaching limitations on movement between the zones of the four occupying powers hampered trade within the country and with other countries. Moreover, the unfavorable structure of economic conditions inherited in 1918 persisted. Socially, one of the main legislative tasks after

the war was to eliminate all laws and institutions introduced by the Nazis after the Anschluss, as far as they were incompatible with the Austrian constitution, and its democratic principles. There was also the problems of unemployment and of hunger. also brought about social changes.

WILSON: Very good.

What economic problem did you consider most serious and urgent? That would be the first question.

PREGLAU: Well, it was supplying the population with cheap food at lower prices, and industry with raw materials. These were the basic needs that were uncontested.

WILSON: What were the conditions which your government

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believed were necessary for the achievement of complete recovery? How was recovery defined?

PREGLAU: Politically, it was the re-establishment of full independence, and, economically, it was a reconstruction of the economy in order to enable Austria to make full use of all its national resources.

WILSON: What were the most serious obstacles to recovery and to further economic development in your country and in all the countries included in ERP?

PREGLAU: Lacking full independence, the greatest handicap was that out of the total population of somewhat over six million, 150 thousand had been killed in action, 24 thousand had lost their lives through bombing raids or other hostilities, 170 thousand were listed as missing, and 120 thousand were disabled. In addition, 100 thousand Austrians were prisoners of war, whose skills were not available for the reconstruction effort, and then, of course, there was a lack of raw materials and food. Also there was a lag in international trade due to the lack of foreign exchange and monetary stability, the

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interference of the occupying powers with foreign trade relations and communications, and the fact that the transportation network had not yet been fully reconstructed.

WILSON: Very good.

What were the most significant political, economic, and social conditions within your country which contributed to recovery and to economic development?

PREGLAU: The re-establishment of democracy, and the full utilization of all intellectual and material resources.

WILSON: What were your expectations regarding the nature, extent, and duration of American aid at the end of the war?

PREGLAU: It was a widespread despair that was felt in view of the devastations caused by the war; and on account of the uncertainty as to the political fate of Austria, complete recovery was hardly imaginable at the end of the war. The

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first and foremost aim was physical survival. Consequently, the U.S. aid was expected to consist mainly of food supplies for an indefinite period of time.

By June of 1947, little optimism had developed in the meantime with regard to Austria's political future. Consequently, the country's economic recovery had risen. With the food situation slowly improving, the U.S. was expected to supply raw materials and equipment for the reconstruction of war damaged industries as well.

WILSON: Do you believe that the aid programs of the Truman administration facilitated the economic and political union of Europe? If so, in what ways? Was it the serious intent of the U.S. Government that these do so?

PREGLAU: Without any doubt, by comparing, or at least in using the European countries to cooperate, one has the impression that this was a serious intent of the U.S. Government.

WILSON: Did you view U.S. economic aid as primarily

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anti-Communist in purpose? What were the broad motives of the Truman administration in your view in providing this assistance?

PREGLAU: It was not primarily anti-Communist, although it was undoubtedly an intended byproduct. The broader basic motives appear to be humanitarian ones.

WILSON: Well, this doesn't apply to Austria perhaps. What in your view were the most serious difficulties anticipated and experienced regarding cooperation among the nations receiving aid?

PREGLAU: The still-existing resentments between former belligerent nations, the difficulty to assess the real needs of each country, and to insure a fair distribution of the aid available which was naturally limited in quantity.

WILSON: Were you kept fully informed regarding the influence of domestic considerations within the United States, the role of Congress and so forth?

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PREGLAU: Yes.

WILSON: Was the reaction to these aid programs within your country uniformly favorable? Would you identify any interest group, or groups, as being particularly important in creating support for and carrying forward the programs?

PREGLAU: Yes, with the exception perhaps of the Communist Party.

WILSON: Yes, very good.

Would you describe or comment on the mechanics of administering the aid, especially your role from the point of view of your country? Were significant changes required? Did the arrangements put into effect by the ECA require important administrative changes?

PREGLAU: Even while the preliminary UNRRA surveys were going on, the Austrian cabinet on January 1st, 1946, decided to set up an industrial UNRRA office within the framework of the Federal Chancellery, to prepare and implement expected aid. Thereby, the Austrian Government created an administrative

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organization, which by '47 and '48 had acquired a great deal of experience and cooperation with American aid service; it was therefore not difficult to assume the new responsibilities created by ERP [European Recovery Program]. That was an advantage which considerably facilitated not only the quick take-off of the ERP plan, but also its subsequent application.

In December of 1947 the Austrian Federal Government decided to centralize ERP matters in a new Central Office for ERP Affairs. Professor Wilhelm Taucher, a former Cabinet Minister was appointed to handle the new agency. The Central Office consisted of the following divisions: Central Division, Economic Division, Programs Division, Procurement Division, Settlements Division, and Control Division. In addition, the office comprised subsidiary control offices in upper Austria, Salzburg, Styria, the Tyrol Vienna, lower Austria, and there was the ERP office in Paris; we also had an Austrian delegation to OEEC,

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as well as the ERP office in Washington.

WILSON: What was the nature of, and results of public relations efforts regarding ERP and other programs? Would you comment on the organization of this effort and their relative success? Which activities might have been most successful?

PREGLAU: Having a radio station and newspaper at their disposal, U.S. occupying forces in Austria were certainly particularly successful in this respect. On the Austrian side the public relations officer attached to the Central Office for ERP Affairs was responsible for publicity in

close cooperation with the Federal press service. The cooperation reports published in German and English by the Central Office for ERP Affairs were widely read.

WILSON: Did the United States aid programs have influence on the political system and internal political alignments of your countries? If so; in what ways? Did U.S. aid serve to strengthen democratic processes by the general aims, and by the methods adopted?

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PREGLAU: Undoubtedly, they did have an influence. They strengthened democratic processes, mainly by their general aims. With the integration of European trade it was necessary to return to a free market economy.

WILSON: Do you believe the Americans who carried forward the aid programs were well-prepared for the economic, political and psychological effects of these programs? Would you comment in general upon the ability and knowledge of European problems and so forth, of Americans with whom you worked?

PREGLAU: In general, yes, particularly those who were acquainted with the specific problems by their previous experience.

WILSON: In your view, where would Europe be if the aid programs of the Truman administration had not been provided?

PREGLAU: There is little doubt that the greater part, at least of Central Europe, would have shared the fate of certain countries on the Eastern side.

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WILSON: Should or could American aid have been funneled through existing United Nations agencies, such as the Economic Commission for Europe, at that time?

PREGLAU: No, even if this had been feasible.

WILSON: Did the cancellation of lend-lease come as a surprise? To what did you attribute this decision at the time?

PREGLAU: Well, that is difficult to answer.

WILSON: On some of these other questions, I'm not sure which ones you think proper to answer. Did antagonism toward Germany influence measures taken for the economic recovery of Europe?

PREGLAU: Well, this question is hard to answer from the Austrian point of view, in that Austria was not a country.

WILSON: Did Secretary Marshall's speech come as a surprise to you? Was the emphasis on European initiative a surprise?

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PREGLAU: In a way it has, certainly in regard to the extent of the aid envisaged.

WILSON: Would you comment on the invitation to the Soviet Union to participate in the discussions in Paris? Was the invitation sincere? Why did the Russians, in your view, refuse to participate, and so forth?

PREGLAU: Well, the invitation appeared to be sincere, although it was not believed that your government was expecting a positive response. The Russians refused aid from a Capitalist country, for theoretical reasons, such aid being incompatible with Communist doctrines and for practical reasons in that they did not want American interference into Russian affairs. It was also a danger for their satellite countries.

WILSON: Were there efforts at cooperation in Europe before Secretary of State Marshall's speech?

PREGLAU: Certainly not at the all-European level, although there were such efforts at the regional

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level, such as Benelux.

WILSON: How critical was the food situation in Austria at the time the Marshall plan was announced?

PREGLAU: Food rations for most consumers were as follows: In the first months after the end of the war, they were 500 to 600 calories per day, per person. At the beginning of '46, they were 900 calories, and later 1,000 to 1,200 calories per day. New rates were fixed at 1,500 calories in November '46. By the end of 1946, 1,200 calories per day of food supply was to a considerable extent dependent on UNRRA shipments. And the first time Russia supplied food it was for the Russian zone.

WILSON: Were U.S. efforts to achieve non-discrimination in trade taken seriously?

PREGLAU: Yes.

WILSON: And might one say that U.S. aid was a means of ending American responsibility for Europe? Was neo-isolationism a fair description of the

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attitudes of many Americans with whom you had contact?

PREGLAU: It may be as a very long term aim, and certainly not as one to be achieved in the foreseeable future. There was no impression of neo-isolationism. But it was necessary after American troops had left

WILSON: How did you explain the unexpectedly rapid recovery of Europe after the Marshall plan was inaugurated?

PREGLAU: It was due to the confidence in the people's intellectual resources and abilities, coupled with the stimulation which any aid for assistance is capable of generating in those needing help. Although the reestablishment of the organization

WILSON: What effects did the Korean war have upon the U.S. aid programs, particularly in Austria?

PREGLAU: Well, that is difficult to answer.

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WILSON: Yes.

PREGLAU: I cannot give any specific information on that point.

WILSON: Do you recall your reaction at the time the Greek-Turkish aid program was announced?

PREGLAU: No, it is the same on that.

WILSON: Would you agree that the importance of the Marshall plan was not so much the amount of aid given, but the fact that the aid was concentrated in a short period of time?

PREGLAU: Yes. This is not absolutely true for all aid programs. One point, particularly, is of greatest importance--that the aid to Austria had been given as a grant, and not on a credit basis. Other participating countries received aid as a credit.

WILSON: Would you comment upon the period between the announcement of the Marshall plan and the approval by Congress of ERP legislation? How important was so-called interim aid in meeting your country's needs?

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PREGLAU: Interim aid was essential for Austria. There was general confidence that the Congress would enact the aid legislation that the President recommended.

WILSON: Very good.

Do you believe American aid programs would have developed as they did if President Roosevelt had lived? What role did President Truman play in your view? What other American leaders would you single out as having played significant roles in this period?

PREGLAU: No. I think though sometimes that the U.S. establishment, if I may, played a certain role in this connection.

WILSON: That's very helpful and I appreciate this. Might I review just for a couple of minutes your own participation, for the record?

PREGLAU: Well, I was responsible for the carrying out of UNRRA operations as a member of the UNRRA bureau, which had been established in the chancellery. After

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the period I was a member of the ERP center and office headed by Minister Taucher as I mentioned before. So I had to cooperate with the Americans here for many years, and it was always a very good contact I must say.

WILSON: One of the questions which is not included in this, but which has come up a number of times in discussions with European officials, is that of the organization from the American side. Certain problems were caused by the fact that so many American agencies had responsibility, certain responsibilities. In Austria, of course, there were the occupation authorities, the ECA, Treasury people, the Department of State.

PREGLAU: Well, but I may say that that has been coordinated in quite a satisfactory way.

WILSON: It was, yes.

Okay, some people have said it was, and others have said otherwise. It depends on the individual situation, of course.

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PREGLAU: And then on the other hand, it couldn't be avoided for many reasons, on the American side.

WILSON: There is another question that has come up, particularly with regard to Austria. Is it fair to say that there was some confusion between your approach, a Socialist approach in which you had many nationalized industries, and communism, on the part of Americans who came to Austria? Was there anti-Socialist bias at all?

PREGLAU: Well, I don't think there were problems in connection with the occupying powers, generally speaking, in the first years.

WILSON: Very good.

Did you have any responsibility at all in trade matters?

PREGLAU: Well, it was restrained. Particularly the first time, it was more or less an aid responsibility under the occupying powers.

WILSON: Looking at the Austrian experience, should we

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place most emphasis on efforts to insure its financial stability, or efforts to develop the Austrian economy, particularly in heavy industry?

PREGLAU: On both aims.

WILSON: Both aims?

PREGLAU: Yes.

WILSON: How crucial was the device of counterpart aid, counterpart funds, to the Austrian situation?.

PREGLAU: Oh, I mean it was very decisive. It laid the basis for the later economic development, in terms of the actual prosperity, that would have been impossible without it.

WILSON: This "invention" of the counterpart arrangement--I hadn't thought of it in terms of an invention before I came to Europe. But this has been stressed by many people, that at the beginning this hadn't been thought of.

Well, thank you very much.