

Oral History Interview with
JACQUES REINSTEIN

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by Richard D. McKinzie, University of Missouri—Kansas City

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MCKINZIE: Please tell us how you came to Government service. I take it you went to NBA immediately after you finished your academic studies?

REINSTEIN: Yes, I studied for the Foreign Service exam in Europe, in Basel, and Paris, and at Georgetown, with the intention of taking the exams in 1933.

Well, '33 was a rather hard year. My family went broke about the time of the bank holiday, and the exams were canceled. They had no examinations for the Foreign Service until, I think, 1935 or '36. I needed a job and I had the good luck to get a job in the NRA. It was a fascinating experience because it really provided an extraordinary insight into how the American economy worked. It was like getting a graduate course in economics with some extraordinary teachers like John L. Lewis, Hugh Johnson, and Averell Harriman. The

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people they assembled in that organization were extraordinary.

One of my bosses was Arthur Altmeyer, who was later chairman of the Social Security Board. As a matter of fact, the Social Security Board offices were initially staffed by people who had assembled as our field staff in the NRA, by and large. The NRA was declared unconstitutional by the Supreme Court in May of 1935. There was a hope on the part of the Administration of getting some kind of continuing legislation which eventually turned out not to be the case. They did get the National Labor Relations Act incorporated in section 7-A and the Bacon-Davis Act on Government contracts, but they abandoned the idea of getting more general legislation either on wage and hour arrangements or on trade practices, which were kind of exemptions from the antitrust laws to get industry to accept the wage and hour provisions of the NRA.

I wound up where I intended to be (only on a different kind of job) in the State Department in the Trade Agreements Division. I went into Mr. [Cordell] Hull's trade agreements program and worked there, but from time to time I would go up and help out in the office of the Assistant Secretary for Economic Affairs.

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(They didn't have that title then, but that was the job.) First, it was Mr. [Francis B.] Sayer, then Mr. [Henry F.] Grady, and later Mr. [Dean] Acheson. As a matter of fact, when the war began I was in Mr. Grady's office.

I remember being awakened at 6 o'clock in the morning. In those days you had extras still, and a boy was calling out, "Extra, German invasion of Poland," on the first of September 1939. I remember talking with my wife; we had been expecting to go to Europe that summer but I guess we gave it up. Otherwise, we would have been caught in Europe. The reason, I think, that I was in Mr. Grady's office was because I was substituting for Bob [Robert M.] Carr, who was in Europe taking a vacation.

I remember dashing to the State Department. We were looking for telegrams to tell us just what was happening. Nothing was coming in at all, just a few delayed telegrams from Germany. The Germans apparently had held up our telegrams. There were telegrams coming in from our consuls reporting unusual rail movements and things like that which were a tip-off that the Germans were moving their forces up to the Polish frontier. We didn't have the kind of direct communication we have now, and you had to take this

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coded telegram around to a telegraph office or post office that was run by the German Government.

The German Government just carefully put the telegrams aside and didn't send them, so this extraordinary development was marked by absolute inactivity.

As I say, I was in and out of that office and wound up there on a semi-permanent basis working for Mr. Acheson in '41. I was there, I guess, from the summer of '41 until the summer of '42, roughly a year, with Pearl Harbor in the center. It was a period which we, among other things, were working on the controls over economic relations with Axis powers, particularly the tightening up of the economic blockade of Japan.

Well, I went from that, working mainly on financial matters, to the Foreign Funds Control Division, which was the State Department's office that dealt with the Treasury Foreign Funds Control and the Alien Property Custodian. It tried to inject into the Administration, and into our relations with foreign countries, some overall sense of order in a situation in which the treasury was already trying to take command of foreign policy, and in which it was counting on a bloody, internecine bureaucratic war against the Alien Property Custodian.

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Our efforts to do something about that really proved to be quite unavailing. Eventually the office decided that it had no further function in life and recommended that it be abolished and its functions transferred around among the various offices of the Department; some to Financial, some to Liberated Areas. I went into the Liberated Areas Division after a rather brief period in

OFEC, the Office of the Foreign Economic Coordination, which was attached to the White House, I guess. When it was abolished I went back to the State Department. I had to be reappointed, because I had lost my status in the Department.

At any rate, the Liberated Areas Division, I think, had been created by the State Department in response to outside pressures, principally from the FEA. FEA didn't like to deal with the political part of the State Department and wanted some kind of an organization in the State Department where they could deal and which would in turn deal with the different parts of the Department which were concerned with political functions.

This is an interesting organizational pattern, because you will find it repeated in the State Department at various times thereafter, where the pressure for the creation of an organization in the

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Department to deal with other departments comes, not from within, but from without.

MCKINZIE: When you first began to work with this Liberated Areas part of the State Department, was there a feeling that the State Department would assume the administration of Liberated Areas themselves? There later became some conflict between the State Department and the military about who would actually do the administering there after the fighting stopped.

REINSTEIN: No, I don't think there was ever any idea that the State Department would administer. As a matter of fact, I was in the German office when we took over from the Army. Everybody agreed that we should do this function, but it was so unlike anything that we had ever done before, that people were all nervous about it, I would say.

Of course, the Department grew quite a lot during the war, although not all that much. It was very small prior to the war. I once took the trouble to count up the number of people who were in the State Department in the late thirties, and I think the number I came to was 837. This would exclude temporary employees in the summer who came in to help out on passports. It was possible for a person like myself to know all of these

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people, because I even knew professionally from the Secretary down. The Secretary in those days would call me up to his office and give me instructions personally or ask my advice.

And at the other end you had all the people who kept the records, and usually you might work in the files for yourself. The files were extremely good in those days; they collapsed under the pressure of war. Up until 1939, I would say, the Department's files were absolutely extraordinary.

The first job I ever did in the State Department had to do with some surtaxes that Venezuela imposed on imports from the so-called "Colonial Antilles," which they applied to Puerto Rico. I was given a file which went back to our acquisition of Puerto Rico. It was complete. It had little handwritten notes by William Jennings Bryan when he was Secretary of State and was an absolutely complete file, so you could know exactly what had happened and everybody who had gotten into it; Secretaries of State and Presidents. Well, that type of record, of course, has completely disappeared.

But it was possible in those days, either by working with people or through belonging to the Recreation Association and playing on one of the departmental softball teams, to know practically

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everybody in the place. And it remained during the war, although somewhat expanded, still a very small place, with no capacity for administration running beyond its regular jurisdiction and a very limited capacity for even adapting to a new situation.

For example, when the Spanish Civil War broke out, they had one man who dealt with Spain and Portugal, and it continued with one man. Of course, they had to repatriate all of the Americans, and they did create a special office which still exists. It was the forerunner of the Huntsler Services Bureau now in the State Department and didn't really exist as an organizational entity until that time. But this still went on through the Spanish Civil War; they had one man working on all the problems. The same thing happened during the war, after we invaded Italy and the Italians surrendered and became cobelligerents; they had one man who worked on Italy with help of a girl, a union professional. Mountains of problems developed.

In the Western European office, one man was expected to deal with this. You did create special offices to deal with some of the economic problems and some of the other problems, but our whole department displayed an extraordinary lack of resilience and flexibility in responding to change.

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If you want a dramatic illustration to this, at the time the war broke out and until 1941 Romanian affairs were dealt with in the Near Eastern Division. They had been regarded as part of the Ottoman Empire. They had been separated from the Ottoman Empire at the Congress of Berlin in 1878, but the State Department didn't get around to making any organizational changes until 1941; they finally caught up with the Congress of Berlin. So, it was not a very flexible organization, and it had, I think, a rather limited desire for administration. When it poked its fingers into administration it got them burned.

They did, however, want to direct the political affairs. This, they had a desire to do, and particularly, I think, in the general direction of the kind of world which would emerge from the war.

It's a little hard for me to judge, but I think at least a number of people in the Department had a fairly activist view, in the 1930s, of the kind of role which the United States should play. Most of them, certainly, went as far as Mr. Roosevelt and Mr. Hull did, and I think probably some of them went farther. My recollection is that the kind of thinking that took place in the Department did envisage a rather major role for the United States in the postwar world. And

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this was a generally shared view by the people who worked there, whether they were Foreign Service professionals or professional civil servants like myself, or people who were brought in from the outside, from the business world. That latter area was rather uneven in their outlook--they were a mixed bag in a way--but some of the important people in later years came in from the business world; the non-university world, including the law profession, because lawyers always played a very important role in American government; and finally from the academic community, which was drawn on very heavily in the staffing of the two divisions of postwar planning under Leo Pasvolsky.

MCKINZIE: You mentioned that among those people who were in the State Department there was largely a shared view of a desirable postwar world, and if I'm correct, a Hullian view of a world bound together pretty much by free trade and a certain amount of integration in world power--a much higher degree of integration than before the war. Would that be a fair view of that postwar vision?

REINSTEIN: Well, I think that's fair. It's a little bit more than that, but I think that's right. Really, out of the thinking that went along in the Department, and

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in such other places as work was done on it in the American Government, which I guess was mainly the Treasury. There emerged a concept of world economy in which there would be eventually freedom of trade and an orderly set of financial relationships. This, in a sense, was the creation of a system of world economics.

It was an extraordinary achievement, really, because economic relations between countries, over the preceding 3,000 years, more or less tended to develop by themselves. That's not to say that people hadn't laid down codes or weren't engaged in one kind of reform or another.

The Roman Empire was about the only time that you had a situation where it was possible for a single power to lay down any rules. I've been reading about the Roman experience recently, but I'm not quite clear just how far they went. But certainly since the breakdown of the Roman Empire, the development of trade had grown up more or less by custom and practice. There had been, at times, a consensus as to what was a generally desirable policy.

Certainly, this was, I guess, reflected in the old automatic gold standard. There were even efforts to push these beyond national boundaries, as they did in the Latin Monetary Union that was created before World

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War I. But the thing which was rather unique about what came out of the Second World War was that there was a deliberate attempt to create, side by side, a system of world trade and a financial system which were related to one another. These were embodied in the Bretton Woods agreements and a new Havana Charter, a document which got so loaded down with difficult and extraneous matters that the Congress rejected it. The useful parts of it were picked up in the General Agreement on Trade and Tariffs, GATT, which has endured until our days under protocol and provisional application. It had never been brought definitively into force. It isn't even an international organization, although it was a building and functions like an international organization. As I say, it owes its existence to protocol, to a provisional application.

The planning went on in different ways. There was a kind of formal planning for the postwar period which was done with the Pasvolsky organization, the paper writers. They were trying to lay out various possibilities which would confront the government after the war and the kind of responses we should make. I'm sure that some of their work had a rather dreamlike quality. I remember that they were writing papers

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about a Danube federation, and they obviously did not foresee the reality of the intrusion of Soviet power into Central Europe.

They were the people who, in the State Department, spearheaded the movement which eventually wound up in the Bretton Woods Agreement, working with the Treasury. They also were responsible for triggering off a debate within the Government on our policy toward Germany by a most unfortunate document which was written on the subject of German reparations. It is an important document which is more important, not for what was in it, but what it caused.

They didn't function wholly by themselves. They organized and they had committees in which they could draw in people from other parts of the Department who had responsibilities in the subsequent fields of their work.

This was the think tank of the Department, but planning was going on in much more practically applied ways in two other respects. One was the work being done to prepare for the surrender of the Axis powers and for the administration of the enemy territory. There were negotiations going on at that time in London--the European Advisory Commission, with the Soviets and the British--on the terms of the surrender

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and the zones of occupation and the character of the administration of German territory.

Italy was handled in a rather different way because it didn't come under the EAC, and Japan yet differently again. But there was an organization to deal with that. Ambassador [John G.] Winant was our representative on the commission. We had Phil [Philip E.] Moseley and several other people there working with him. Then at the Washington end was the formal committee, called the Security Committee, which was responsible for giving instructions to our delegation on the EAC. Underneath that there was a working security committee, the chairman of which was Jimmy [James W.] Riddleberger, who was at that time chief of the Central European Division.

Then you have a third area in which planning was going on which, in part, overlapped the second. That was the work which was going on with the military for the administration, by the combined forces, of liberated and occupied areas. This went on, so far as Europe was concerned, under the general aegis of the Combined Chiefs of Staff. There were the British and American Chiefs of Staff, who had underneath them a combined civil affairs committee, which then had various subordinate bodies underneath it. I

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participated in that, particularly on the financial side.

Curiously, we encountered political problems first. One of the reasons for this was that you had to do your financial planning farther ahead than a lot of your other planning. You had to print money, for example, sometime before you have actually had to use it, and also postage stamps and things like that. We got into postage stamps and money. That confronted us with problems. For example, one of our major political problems was what kind of money we would use in France.

We didn't recognize the French National Liberation under General [Charles] de Gaulle. The British were in favor of dealing with them, but Mr. Roosevelt had rather strong feelings to the contrary. When we hit the beaches in Normandy, there was no civil affairs director to General [Dwight D.] Eisenhower. We went in literally without any guidance from the British and American Governments, because the British and American Governments had not been able to agree on guidelines for him. This gave rise to a considerable amount of confusion in management, which General de Gaulle took advantage of almost immediately.

So, there was this third area, and insofar as Germany was concerned, it overlapped the second area in

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the sense that it really had to do only with what the British and the Americans could do, not with what the Russians would do. Nevertheless, we had to try to work out, as far as we could, some kind of joint administration and common rules with the Soviets. We didn't agree with them on using a common currency, a subject which came under scrutiny by the United States Senate later

on when they made an investigation concerning the transfer of the plates necessary for printing the German mark to the Soviets. It was a remarkable investigation which turned up many documents.

Anybody interested in the history of this bureau would do well to look at that particular report, because they dredged statements out of the Executive Branch and printed them, including (I remember with some amusement) a lot of testy notes that my boss wrote to me when we found that the Eastern European Division, under Chip [Charles E.] Bohlen, had been carrying on negotiations on the subject without our knowing it. I was in the Financial Division, and finally Pete [Emilio] Collado managed to obtain the papers and sent them to me with a rather testy note which said that the political people were dealing with a subject that they didn't understand and would I please get into this and

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find out what it was all about.

MCKINZIE: What did you have to do with the handing over of the plates, then?

REINSTEIN: Oh, I was in and out of the handing over of the plates. In the investigation you find that there is a list of American officials who were involved--there were only 10--and they were divided into two groups; those who knew everything and those who knew only part of the story. I'm correctly identified as being in the second group of knowing only part of the story. I never did discover how they reached a final decision to turn over the plates. I was in on all of the policy making, but there were some curious difficulties with the company. It was a private company that was printing currency, and they refused to turn the plates over to the Government to make them available to the Soviets, on the grounds of industry policy.

There is an extremely amusing record of this problem in the documentation of a meeting between Mr. [Andrei Andreievich] Gromyko, Secretary [Henry, Jr.] Morgenthau, and Harold White. Secretary Morgenthau and Harry White were trying to explain to Gromyko that while we had agreed to give the Soviets the plates, we couldn't do so because the private company which had

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possession of them refused to give them up. Gromyko couldn't believe this; it seemed like a pretty thin story. He thought that the Americans probably had some reason of their own, had decided to back out of the agreement. And it really is quite hilarious to read this explanation. The point was that the Government technically didn't have the power to requisition. There was a gap in its legal authority. Somehow they managed to put pressure on the company and get the plates which were subsequently turned over to the Soviets.

At any rate, this is the kind of problem that came up in the operating context of planning for the administration of the liberated occupied territories. Major political problems didn't present

themselves in the determination of the kind of money to be used, which went to the heart of the kind of economic administration to be established and the exchange rate that would be set. This, again, was a reflection of fundamental economic policy and also of political policy. The Treasury, in its participation in this policy, had a definite political view point which it insinuated constantly into the discussion of these matters. There wasn't always a consistent viewpoint. For example, they were great supporters of General de

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Gaulle up until D-Day, but when General de Gaulle called the money to be used in France "counterfeit money," the Treasury was absolutely infuriated and their attitude toward the General cooled off considerably.

There was also planning for the rehabilitation and reconstruction of the war devastated areas. In the long run this was to be covered by the International Bank for Reconstruction and Development, but we were confronted, immediately as we entered these territories, with actual problems of feeding the people and getting some kind of economic activity going. "Behind the lines relief," it originally called, but it came to be something more than that. This was accomplished by the American, British, and Canadian Governments as far as Western Europe was concerned; by the Americans in the Far East; and by UNRRA [United Nations Relief and Recovery Administration] in Eastern Europe. UNRRA did have some functions in Germany, particularly in regard to refugees, but did not really function to any important extent in the areas where the Allied armies entered. The responsibility for that fell on the Allied armies themselves. I was also in on the UNRRA picture as well.

I have noted that there was planning going on in

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different levels, in different time perspectives, and with different people involved, but certainly in the area in which I was involved, among the people who had substantive responsibility (there were only a handful of them), there was little coordination.

MCKENZIE: Did these people perceive the extent of war devastation and were they prepared to implement that view of the postwar world of which you spoke earlier?

REINSTEIN: Well, let's take the most immediate and pressing problem, which was just getting something going as the troops moved forward. The rationale was, in part, that the troops couldn't perform their function if they encountered a civil population in an acute state of distress. So, you constantly find, I think, humanitarian objectives getting their rationale through a lot of simplistic military formulation, which continued well into the Marshall plan. There was a deliberate political purpose underlying this. Part of the help to Germany was being given through the Army and part of it through the Marshall plan organization. Of course, before we invaded the European mainland we had no idea as to what kind of conditions we would find. They originally intended to draw up a plan for what we call civilian supplies which would be broken

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down in to nine ways.

There were three different assumptions; little scorching, moderate scorching, and very severe scorching. There would be three different dates on which it was assumed that the Germans would collapse, and so you had plan A, B, and C and then variants 1, 2, and 3, and so forth. We never got beyond plan A, as amended, which turned out to be the basics.

The strong man shuddered when you mentioned plan A in Washington, if memory extends back to that time. It was a very difficult task to envisage the supplies required and to figure out how to finance them. We finally came up with a very complicated scheme for the division that was doing the financing which was designed to separate the actual procurement from the question of ultimate financial responsibility. For example, suppose Italy needs so many tons of--we called it our common British-American supply pulses--peas and beans. There was a tendency to say, "Well, from a supply viewpoint, you should get them from a particular supplier." The particular supplier say, "Italy? Ahhh, I'm not sure I'm going to get paid for that," and there was a tendency to hold back on furnishing the supplies. While you might figure that France would eventually pay, Italy might not, and so that crept into the

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procurement.

We finally realized a rather ingenious scheme under which we separated these problems by agreeing to share the proceeds and divide the losses on non-reimbursement by an arbitrary and agreed formula; such and such percentage was borne by the Americans, so much by the British, and so much by the Canadians. We kept the procurement and finances separated and it worked, by and large.

On the whole they managed to get through the first stages of the liberation occupation fairly well, until about a year or a year and a half after the war ended. I think that they probably overestimated the amount of physical damage involved. It was spectacular as far as the destruction of the cities was concerned, but in many cases, under the rubble the machinery that had been there was salvageable and could be put back to work, if we could get the necessary parts. What they underestimated was the damage which had been done to the economic structure and the possibility of operating an economic structure without concomitant political organs. The ability of the Europeans to get back on their feet and to be able to supply themselves out of their own resources was overestimated. They were just miles wide of having done it. I won't say that this

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was completely so, because there was at least one man who did this, with nobody paying any attention to him. That's Pete [Emilio] Collado, who is now executive vice president, I think, of

Standard Oil of New Jersey, as they now call themselves. Pete, at that time, was Director of the Office of Monetary and Financial Policy in the State Department.

We put international contributions of two billion dollars into UNRRA. At one point there was a rather interesting investigation by the British, the Canadians, and ourselves into UNRRA. It was extracurricular and illegal, but we wanted to know what they were doing. It resulted in our recommending additional infusion of money into UNRRA, but that went by and large to the East.

The money requirements for Western Europe were really grossly underestimated. Of course, no one knew exactly when the World Bank would come into the picture. There had been, I think, during all the discussion leading up to the Bretton Woods Agreement, an uncertainty on the part of the authors, the American participants, as to how soon the Fund and Bank would really come into operation. It was as to whether you would rely on extraordinary measures to create a situation of a moderate degree of stability, at which

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point the Fund and the Bank would then begin to take hold of the situation and deal with that. In other words, were they institutions for the long term, or were they supposed to cope with the other immediate, short term problems?

MCKINZIE: Emilio Collado advocated early considerably more effort than that which was being done. Is that correct?

REINSTEIN: Well, I remember him making an estimate of what it would take to bring about a sudden return to a normal situation. He calculated (this was in 1945) that it would take something like 30 billion dollars of American resources to do the job, at a time when people were talking in terms of two and three billion. I never made a calculation, but I think that if you go and look at what we actually did in Germany, in UNRRA, in the various relief measures, and in the Marshall plan, you probably will find that that figure of 30 billion dollars was not far off the mark.

I mentioned this to just indicate that the thinking that was being done as to what was necessary was so far off what turned out to be necessary in the long run. I think this is illustrated very well by a situation in 1947, at the beginning of the debate which

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preceded the Harvard speech of General [George] Marshall's. I remember this very well, because I had been in Moscow with General Marshall on the negotiations with the Soviets on Germany and Austria. I came back at the end of--the collapse of--negotiations to Washington, after an absence of about a year and a half on working on the peace treaties and then on Germany and Austria. When I came home I had been attached at that point, just for convenience, to the Office of the Assistant Secretary for Economic Affairs, again. I can remember that Will [Willard L.]

Thorp, at that point Assistant Secretary for Economic Affairs, set a staff meeting once a week. We were standing around in this office waiting to go in for the meeting to begin. Winthrop Brown, who was the Assistant Secretary for Far Eastern Affairs, our Ambassador to Korea, and who held various positions in the Far East, was then Director of the Office of International Trade Policy, or something like that. (The same office has continued in the State Department under various names over a period of years.)

He walked into the room, and he had our trade returns fresh off the press from the Department of Commerce, the gross figures for the first quarter of 1947. He said, "This is what they show." We were

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running an export surplus at the rate of ten billion dollars a year--a situation in which we would like to be today.

At any rate, everybody looked at these figures and they said, "My God, this isn't the way it is supposed to be. This indicates that we have grossly miscalculated the situation, that the European needs are far in excess of anything we had dreamed of, and that we have a situation on our hands which we had not at all foreseen."

At that very moment, representatives of the State Department were testifying before Congress on an additional relief supplies bill, which was to be the primary beneficiary to the French and Benelux, I guess, of something like 337 million dollars. And they were solemnly reassuring Congress that this was the last time they would come down and ask for any money.

So, we were way off, and the brutal starkness of this is what really led to searching self-examination, the results of which appeared in the Harvard speech.

MCKINZIE: You mentioned that you were present when the plan was discussed for Bretton Woods. The State Department's relationships with the Treasury is an interesting tale, plus the whole U.S. position in

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relation to the British position about what international financial institutions might be required for reconstruction after the war. Do you recall Department discussions about this before and during Bretton Woods?

REINSTEIN: Well, I used to see these and occasionally sit in, but I was so involved in the more immediate problems that I did not deal with them. During the Bretton Woods meetings I was one of the few people who stayed in Washington. Almost everybody went up to Bretton Woods to attend the meeting, and they left a "corporal's guard" behind to attend to current business. I was in the corporal's guard. There really were only two or three of us. It was very instructive, I found that particularly if you don't deal in matters of high policy, the conduct of the Government's

business can be affected by a very small group of people. The war was going on in Italy and various other places, there was decisions that had to be made, and we didn't clear things; we didn't do things the way we normally did. You just call these guys on the telephone, and say, "Well, have you seen this telegram from Cusanta about such and such? He's expecting that it should be done." And they'd say, "Well, now, let's

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see, have you got time to write an answer? Well, all right then, write it and put me down as having cleared it." This was in place of the normal bureaucratic procedure.

MCKINZIE: Could you talk a little bit about State Department-Treasury relations at the end of the war?

REINSTEIN: Well, we had, of course, several major confrontations on the German policy, which was sparked really by this report of the Committee on Reparations, which I guess I referred to earlier. Actually, it was a Committee on Reparations and Restitution. It was an internal State Department committee, the chairman being a professor from Wisconsin, "Blacky" [Paul T.] Ellsworth. It had a number of people on it, and it produced the report. But trying to get a report out of a committee where people don't have administrative responsibilities is very difficult; you get people who are largely thinkers and they do not represent some specific bureaucratic interest which limits their interest in the subject matter or defines their interest in the subject matter. If they're just a bunch of free-wheelers, I mean, they can free-wheel all over the lot. Poor Blacky Ellsworth had a devil of a time keeping this committee under control and getting

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them to produce some kind of a paper. They started off along what I think was a generally accepted line of American thought. It stemmed from the post-World War I experience, which was the experience of trying to collect reparations on a continuing basis. That really put an impossible mortgage on the whole world economic and financial system. Even though it was shored up by the Young and Dawes loans, neither of these finally settled the problem satisfactorily. This had been one of the important contributing causes of World War II, both through economic depression and through the likes of Hitler. It was felt that we must at all cost avoid doing the same thing again.

I must say that as the general proposition this view was widely accepted in the American Government. So, this was the point of departure.

Now, this led you then to the concept of this one-time taking of goods, particularly capital goods, for reparations, with no continuing financial payments. A general approach of that kind is, in fact, what we did in the end.

There were, however, different appreciations by the people on the committee of what it would be possible to extract in the way of reparations and how this could be related to the administration of Germany.

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Some of the ideas of what it would be possible to do were very rosy indeed. My friend and colleague on several occasions (she worked for me maybe twice, although I'm never sure that she thought that she was working for me) was Eleanor Dulles. Blacky Ellsworth was under pressures that people would put on to get something in the report; that kind of thing does happen under a deadline. I think that the last version of the document suffered greatly from having a lot of things thrown in at the end which were accepted for the purpose of getting the paper out. I know that Eleanor appended some kind of document in which it was her view that you could get 50 billion dollars out of Germany, but I thought that she illusionized.

Anyhow, this document then was distributed to other Government departments for their comments. When it hit the Treasury there was an explosion, because the Treasury had the general impression from the document (and certainly it started off that way) that it was proposed that we kind of build up Germany as the milk-cow of Allied reparations for other countries.

Now, whether the document was fairly interpreted in that way or not, I don't know. I don't remember the final text very well. I was not very happy with the text, because it seemed to me that it had undergone a

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considerable change from the earlier drafts which I was in agreement with.

But at any rate, this provoked the rather Draconian document which came to be known as the Morgenthau plan, which was put forward as a planning for the civil administration of Germany that well-known document, JCS-1067. Some time somebody is going to write a history of that document, and I'm hoping it will be called "1067 and all that." I was in on the first draft of 1067 and on the last; I was in on some of the intermediate drafts, but I literally gave them the axe.

At any rate, that did provoke a confrontation of viewpoints between the Treasury and the State Department of an extremely bitter character. It was not only on policy; it spilled over on other things, personalities as well.

MCKINZIE: Was this at the secretarial level or lower?

REINSTEIN: Well, I was never in the room with Mr. Hull and Mr. Morgenthau at the same time; I saw both of them separately. They were both involved, and I suppose that to an important extent in many ways Treasury carried the day.

Well, now, they did and they didn't. I guess they

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really didn't carry it to an extreme. What they really wanted to do was to some extent like what the French wanted to do. They wanted to divide Germany up. France put forward proposals in '45 which were really very similar. I don't know whether they were perhaps patterned on the Morgenthau documents, which I guess were in public domain by that time, but they were put forward rather seriously by [Georges] Bidault and peddled by Couve de Murville in the Allied capitals. Mr. Molotov refused to discuss them in the London Council of Foreign Ministers and eventually trampled on them with considerable vigor in Paris in July of '46.

But I guess that this most extreme Treasury position, in fact, didn't prevail. We had already agreed with the Russians on a different kind of policy, and with the British. That whole partition of Germany was unrealistic, for me, as to how it would be accepted, etc. The idea of de-industrializing Germany or something like that was an idiotic one, to say the least. I mean, Germany was the machine shop of Europe.

MCKINZIE: Was there talk in the State Department about the necessity of a careful rebuilding of Germany and its reintegration into European economy at that point?

REINSTEIN: Yes. I don't think they expected that we would

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have to help them to the extent that we did, but that was because no one really foresaw the degree of institutional breakdown--and it really was an institution thing here—and the breakdown of the economic process that later developed. I think that we expected not only Germany, but Eastern European countries, to participate in the kind of world that we were looking forward to.

We understood that the Soviets were going to be a problem. They agreed to come to Bretton Woods, of course. There had been some misunderstanding about that. They told us ahead of time that they would not be able to participate in the Bretton Woods agreements, because the kind of arrangements that we were contemplating were inconsistent with their economic and political system.

On the other hand, the war was going on and they said that they did not want to give the impression that we were in disagreement. They would be glad to come to the meeting, if it was understood that they weren't going to sign and participate. This not showing a breach is very important, because it played a considerable role in some of the other Eastern European developments, for instance, when the Soviets went into Romania and imposed the reparations settlement on them.

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My part of the State Department wanted to go to the mat with the Soviets right then. We wanted to do things differently, but the political people said, “No, do you want to have a public row with the Soviets while they are still fighting the Germans?” And so we were told to sit down and shut up.

But certainly we even visaged a world system into which Germany would fit and into which the Eastern European countries would fit. How the Soviets would come into this really wasn’t terribly clear. We supposed that they would sit around and join in to that extent.

I can remember Collado saying one time, “Do you realize that in every international meeting that we go to from now on, there is going to be a Soviet representative there?” I guess what he meant was that there was going to be a Soviet representative but that he was going to make difficulties. And the difficulties, in part, were simply the function of the fact that they did things differently and they didn’t understand how we did things. But they were regarded as being really a necessary participant. The original Marshall plan ideas didn’t exclude the Soviets either, you know, even after we had gotten to the point of this fundamental disagreement over Germany and the

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association was broken down. We realized we would have political problems in giving any aid to the Soviets and would probably have to do it by loans, not grants. But we were certainly thinking in terms of a system which would include Germany as a participant, cut back, chastened, disciplined, and operating under Allied controls of some kind; and beyond that we would include Eastern Europe and, in some way, even the Soviet Union.

MCKINZIE: Could you talk a little bit about your attendance of the Council of Foreign Ministers meeting in London in 1945?

REINSTEIN: Yes. I said earlier that we had been doing planning in various levels and various groups about the postwar period. Now, the State Department’s concept, as I understand it or as I understood it at that time, was that we did not want to have peace treaties at an early date. There was a feeling that a mistake had been made in the first war, and much of the thinking, understandably, about settlement of World War II was directed at avoiding the mistakes that had been made in World War I. It had been quite extensively analyzed and commented on. This was not to say that there were not new and original ideas about the postwar period—some of which never had a chance to get utilized

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because of the intrusion of Soviet power in a noncooperative way. But there was present--and you’ll find it here, and you’ll find it in other ways—a very keen awareness of some of the mistakes that were made in the post-World War I settlement and a determination to avoid falling into those traps.

And another thing that we should bear in mind is that lots of the people that participated in the making of policy had had some kind of hand in the public affairs in the first postwar period. There were a few of them who actually went back to about 1907. They would have to be pretty old by that time, although there were probably some. But there were certainly people who had been involved in public affairs or in the analysis of the postwar period, for example, in the universities--professors or people like myself who belonged to the university at the end of the twenties and the beginning of the thirties. There was a coincidence then between a new look of what had been done in the postwar settlements, the revision of that day; the traumatic events of the world economic depression; and the rise of Fascism in Germany.

So, the lessons of World War I were very prominent in people's minds. The prevailing opinion in the State Department, I think, was that a great mistake had been

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made in writing, or attempting to write, a definitive settlement immediately after the close of World War I. Passions were very high and public opinion tended to be rather vindictive. Therefore, it would be wise to stretch out the making of the peace and approach it rather gradually.

Now, when Mr. [James F.] Byrnes became Secretary of State, he took a different view, one for which the Department wasn't prepared. The Potsdam Agreement came to the Department much as a bolt out of the blue. Some of us in the Department were really quite appalled when we read the Potsdam Agreement. There were two things in it that disturbed us. One was that we had a very distinct sentiment that the practical effect of the reparations settlement would be a division of Germany and of Europe. I can remember distinctly being engaged in discussions in which we said and I said myself, "They split Europe down the middle."

Incidentally, I think we reflected this attitude in some of the telegrams that we wrote thereafter. Mr. [William L.] Clayton accompanied by Collado, was making a tour of European capitals. They went to London, to Paris, and to several other capitals and were discussing economic problems with them. As I recall, they became somewhat nettled by the undertone of the

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comments, the undertone of the analysis, and the interpretation made by the State Department (that is, the fellows who were left back in Washington) of the Potsdam Agreement.

MCKINZIE: You're speaking now specifically of the administration of the zones?

REINSTEIN: No, I'm speaking of the reparation settlement. The administration of the zones had been understood and worked out by the European Advisory Commission over a long period of time, and obviously we weren't terribly happy with it. I think that it was the best that could be negotiated with the Soviets and we accepted it. And the EAC agreement did, basically, envisage a unified administration of Germany.

They also permitted a different kind of administration, because the commander in each zone of occupation was the final authority of what should be done in each zone.

I would say that at the beginning we had far more trouble with the French than we had with the Soviets, because the French had not been a party to the Potsdam Agreement. They refused to participate in the Potsdam Agreement and ECA agreement until there was a discussion of their demands for a political settlement

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which involved the partition of Germany. They were completely noncooperative in the early period. We had given them a zone of occupation without getting any agreement with them on how they would run it. And we had enormous difficulties with the French.

I think that this tended to obscure to some extent the difficulties that we had with the Soviets, which emerged more slowly. Sometimes we weren't really aware of the significance of the deep division which existed between us.

This feeling that Europe had been divided by Potsdam puts a reflection on the reparations settlement, the independent determination by the East and West as to what they would do in their zones of occupation in regards to reparations. We already, at that time, had experienced a Soviet interpretation of the armistice agreements with the satellites, and we protested rather strongly against the way in which they dealt with the satellites. We witnessed the economic looting of those countries, the unilateral interpretation of the agreement in any way that treated the Soviet interests, and the way they completely disregarded the control commission, in which we were theoretically equal representatives with the Soviets. It didn't meet, was not informed, or anything else.

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The experience we had had with Romania and all the information that came to us led us to believe that if these things were to be applied independently by the occupying powers, there would be no unified economic policy with regard to Germany. I think that this is the interpretation we put on it. This meant that there was going to be a unilateral reparations policy, and this meant a unilateral economic policy. And since there was no political administration anyhow, at the beginning, this meant really a de facto split for Germany. But this interpretation, as I say, was contested by Mr. Clayton and Mr. Collado. They got somewhat nettled by our comments and interpretations and they sent a telegram, which I think is rather an important document, from London to the State Department, saying that we didn't understand the Potsdam Agreement and giving their own analysis of what the significance of the Potsdam Agreement was. In any event, it turned out to be a case where the negotiators were wrong and the people who sat at a distance were right, in interpreting the significance of the document.

Well, this was one of the things that bothered us about the Potsdam Agreement. The other thing was that it called for the beginning, almost immediately, of

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negotiations of peace treaties with Italy, the Balkan countries, and Finland. This has not been envisaged in the State Department thinking, and we weren't prepared for it. It wasn't that the thought hadn't gone into dealing with some of the specific problems, but we really hadn't advanced ourselves to writing treaties as such. Work had been done on the boundaries, but that's kind of easy work to do. There was a vast amount of documentation on all of these boundary problems, much of which, I must say, didn't really get used anyhow. So, they had worked on the boundaries and some of the political problems, and there had been work on German reparations, but Germany was not involved in this. And we really hadn't done any work on preparing for writing peace treaties with Italy and the Balkans.

The Potsdam Agreement was signed about the 1st or 2nd of August, and it called for the creation of a Council of Foreign Ministers, a five-power body including the Chinese and the French--who were not present at Potsdam, of course. It was to be, I guess, the equivalent of the old Supreme Allied Council of World War I. The general thinking was reflected in the United States Charter and in this document, the Potsdam Agreement. The five big powers were going to determine the character of the settlement; they reserved that

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right to themselves in Article 110 of the United Nations Charter and asserted it in the Potsdam Agreement.

The smaller countries were to be heard, their views were to be made known, and as far as the enemies were concerned, they were simply, I think, to be told what the results might be. There was no concept of negotiations with the defeated countries at all, basically. There wasn't much negotiation after World War I; I think that the Germans complained about this, and the Turks did get some improvement in terms of the treaties--I guess the Turks were the only ones. But there really was no concept of negotiation with the defeated countries at all. The pattern in these documents was that the big powers decided.

Well, the Potsdam Agreement set up the structure for dealing with the problems arising out of the war which were not within the jurisdiction of the United Nations, basically. These were the problems of making the peace, but they really, I guess, went beyond that; the terms of reference of the Council were not very precisely defined but they were quite broad. I haven't looked at the Potsdam Agreement for some time, and I'm a little hazy on this now. The agreement envisaged the beginning of work on peace treaties and the beginning

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was September of 1945, a month after the Potsdam Agreement was signed.

The State Department had not envisaged anything like this at all; they had made no preparations for it. I was at the same time acting chief of the Financial Division in the Office of Financial and

Development Affairs, the Director of which was Emilio Collado, who later was with the World Bank before he went into private life. My chief, George Luthringer, was with the American delegation to the German Reparations Commission, headed by Mr. [Edwin J.] Pauley, who was in Europe.

I suppose that because of the fact that I had been connected with the wartime behind-the-lines civil affairs planning and had been involved also in the postwar planning as one of the representatives of the operating division (or maybe just because I happened to be the only fellow around), I was told to start doing something about getting up some position papers for the negotiations on the peace treaties. In August of 1945 we began very hastily to survey problems that would be involved in the writing of the peace treaty and to prepare the beginning of position papers for the guidance of the delegation. I don't remember very clearly how far we got. We wrote some papers and they

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must be around somewhere, but I don't remember them very well.

I got out the Treaty of Versailles to look at it to see what should go into a peace treaty. I had never read the Treaty of Versailles as a whole. I had looked at specific chapters and articles, particularly certain articles which were involved in the extensive analysis of the treaty and its deficiencies, but never looked at it as a technical document and addressed myself to the problem, "How do you write a peace treaty?" This is a kind of exercise that doesn't get done very often, and there aren't terribly many experts in the field. So, I began doing it that way.

Well, we worked very hastily and had very little guidance, and I don't think we got terribly far. During the course of the month I was informed by H. Freeman Matthews, the chief of the Office of European Affairs, under the general guidance of James Clement Dunn, the political advisor for Europe (this was before they had Assistant Secretaries for the geographic areas), that I was to accompany Mr. Byrnes to London in the negotiations of the peace treaties. I left and went off to London as the only member of the delegation, which was extremely small, who was supposed to deal with economic problems.

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The delegation, in my recollection, was about ten people. It included (this is obviously in the records), Secretary Byrnes; Mr. Dunn, who was in a position provided for in the Potsdam Agreement, ranking deputy; Ambassador [Theodore C.] Achilles, my colleague here at the Council who was secretary of the delegation and who had been assigned to the Embassy at London; Benjamin Cohen, who was counselor of the Department and had come in with Mr. Byrnes; John Foster Dulles, who was the representative of (at least he represented the presence of) the Republican Party and who was an expert on foreign affairs in his own right.

The man who played an extraordinary role in our work was Chip Bohlen, who, for us who were the working stiffs, tried to interpret what the Soviet feelings were and how we should understand what they said, to help us to understand what we were debating with the Soviets. In addition, he was the chief interpreter for Mr. Byrnes into Russian and also the man who interpreted frequently into his ear and advised him as the discussions went on. To elaborate that point, we had consecutive interpretation. As one statement was made, it was followed by interpretation into the other two working languages. It was between three languages, English, French and Russian. One of the functions that

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Bohlen performed all the way through these meetings was that he would interpret into the ear of the head of the delegation as a statement was being made, without us having to wait for the formal translation and interpretation later. This gave the U.S. representative an opportunity for some thought to what he would say, and this was particularly important because of the seating. The seating was, clockwise, the U.K., the U.S.S.R, the U.S., France. That was the traditional seating, and we maintained that as long as we had four-power meetings, up until, I guess, '55. I suppose the Geneva meeting must have been the last; the last one I attended was the Berlin meeting in '54. While sometimes in informal meetings there was a free exchange, normally what happened was that statements were made seriatim by the representatives, proceeding around the clock as people were seated. And it always fell to us to speak immediately after the Soviets, so that what we said was terribly important, being the first and in view of our power position.

The contribution which Bohlen made as an interpreter--interpreter in the largest sense of the word--of the thoughts of the Soviets really cannot be underestimated. He was an extraordinary, thoughtful and brilliant man.

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I don't know that I remember all of the other members of the delegation. Raymond Hare was there as the Near Eastern expert. Llewellyn Thompson and Phil Moseley were at the later meetings; I'm not sure that they were there as members of the delegation in September of '45. It was a very small delegation indeed, and we didn't really get terribly far into the negotiations. There were a number of problems that were taken up which were not a part of the peace treaty negotiations. One of the major ones was the subject of withdrawal of the Soviet forces from Iran, which they did agree to do. Another subject which was discussed, as I recall, was the question of the administration of Libya, which the Soviets had wanted to have a trusteeship on.

There was an attempt by the French to raise the subject of Germany, and there was a very inconclusive one-day discussion of Germany which was not on the agenda. Mr. Molotov refused to allow a discussion and insisted that the subject be taken up through diplomatic channels. Bidault was rather testy about this and said that until the French views on Germany had been discussed by the Allied powers, the French Government could not cooperate in the administration of Germany on a unified basis. Mr. Byrnes didn't agree

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with or sympathize with the French viewpoint, I'm sure, but he did support the right to have the subject discussed. The French had not been present at Potsdam, and they felt they had been very badly treated by having been excluded from consideration of policy matters which were at the very heart of French security.

At any rate, Mr. Byrnes did support their demand that the subject be discussed and argued with Mr. Molotov about it. He said that he didn't understand why the matter had to be discussed through diplomatic channels, which would mean talking, indirectly, to the same people that were present around the table. Why couldn't they talk about it at the table, getting down to brass tacks?

I have the feeling, in retrospect, that the significance of that discussion was probably underestimated by those of us who were there, and that includes myself. What was happening was that there were telegrams that were being exchanged at the time. As a matter of fact, we found that the State Department and the delegation in London had gotten somewhat out of step. I think that we sent one telegram to the Department objecting to a telegram which they sent to General [Lucius D.] Clay, on the ground that they were

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making determinations of policy matters that we had under consideration in London. It was on an economic subject, and my guess is that Charlie [Prof. Charles P.] Kindleberger wrote the telegram. It took the Department to task for having initiated a major policy determination without consultation with the Secretary, who was engaged in negotiations with the Soviet Union and our Allies.

There were other matters that came up. One rather curious one, which again was not on our agenda, was the fixing of the food ration in Austria. The Allied High Commission in Austria, was unable to agree on a ration scale under the instructions they had received from their governments. The four military commanders jointly sent a telegram to the four Foreign Ministers in London, asking them to resolve this difference.

And this was regarded as being an economic subject, so it was forced to me to work on it. I think it was the only substantive work I did at that particular meeting; because we never got that close to the peace treaty. The problem was partly a technical one of making a judgment as to what goods of an unrationed character were likely to come on the market in the period, which was the period of the harvest in Austria. That would be used to supplement the supply

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of rationed goods, and the decision really involved setting a ration scale only for, initially, a three-month period in the special circumstances of Austria.

The Soviets were somewhat leery about this, because they had the feeling that they would be held responsible, if there was a shortfall in furnishing the supplies necessary to come up to the ration scale. They were having great difficulties themselves, and they didn't want to put themselves in the position of being obligated to send food to the Austrians. And when it was explained to them that they were not undertaking any such obligation, they then accepted to work with us and we quite quickly agreed on a ration scale of 1550 calories.

It was only long afterwards that I realized what had happened, which is that the figure which was set for Austria, for a limited period and for a special situation, was set and maintained as the basic ration in Germany, thereafter. I suppose that it was on the theory that you couldn't treat the Germans any better than you treated the Austrians, and so the Austrian scale was adopted as the basis for the German scale. It is a scale which will support a person's normal activity, if he doesn't exert himself too much, and I think that we probably decided a good deal more than we

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realized we were deciding when we adjudicated this dispute from the Allied Commissions in Austria.

Eventually, they did get to the peace treaties, and very soon we got into considerable difficulty. I'm not clear what caused this, but the matter came up in a rather strange and technical way. They had a summary record of the decisions that had been made, and the secretariat, provided by the British, was very good at this sort of thing. They made a record of decisions of the ministers, and it was submitted to the ministers by the secretary of the conference with the purpose of determining whether they were correct or not.

Well, Mr. Molotov objected to approving these summary records of decisions on the ground that the council had been acting improperly and illegally. That is, it permitted the participation in the discussion of countries which were not technically qualified to participate. This brings you back to the Potsdam Agreement (without having read it for so many years, but having acquired a familiarity with it which at one time enabled me to recite it with an ease equal to that which I could recite the Lord's prayer), which provided that the Council should be composed, for the purpose of dealing with each treaty, with the countries which had been at war with that particular enemy country.

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I'm not sure whether the Chinese were at war with the Italians or not. The French, however, had not been at war with the Balkan countries, because the Balkan countries came into the war after the fall of France. The Vichy Government never declared war on the Balkan countries and the succeeding French Government never; by the time they assumed governmental power the war was practically over.

So, they were in the state of some belligerency, I suppose. I'm not even sure whether their missions closed; I don't remember. And, of course, the United States had not been at war with Finland. Although we disapproved of what the Finns did in coming to the aid of Hitler, we didn't

go to war with them. We had a lot of friendly feelings towards the Finns in General. A lot of American volunteers had gone and fought there in the winter war.

At any rate, the fact of the matter was that the discussions in the council had proceeded with all the active parties present. In fact, the Chinese had said practically nothing, and the French had been very discreet about the role in which they played. They had not put themselves forward in talking about the Balkan and Finnish treaties, to the extent there was any discussions. They certainly had a right to talk about

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the Italian treaty. And I think they played a rather restrained role on the other subjects. They were not involved in the Iranian dispute; it was a dispute between the British and ourselves on one hand and the Soviets on the other. I don't recall that they took an active role in the discussion; they did want to discuss Germany.

At any rate, this sort of grew up out of nowhere. One day Mr. Molotov said that the Council had been acting wholly illegally because they were present at discussions that they had no right to be present under the Potsdam Agreement. The whole proceedings were illegal and he wouldn't approve any of these records because they didn't conform with the agreement.

What was behind that, I don't know. I've never seen any analysis of what triggered it, what caused the Soviets to, in effect, break off the discussion.

MCKINZIE: Were you present at the meeting where he did that?

REINSTEIN: Yes, I was there. As a matter of fact, I went to every meeting. The meetings would take place at all odd hours. I can remember one meeting that started on Sunday afternoon at 4 o'clock and went until 1 o'clock or 3 o'clock the next morning. There were efforts of

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some kind, I guess, behind the scenes, to see what could be done about this. Something triggered it, and this would be, I think, a fascinating subject for examination by historians. I doubt whether there is any way of telling what happened short from having access to the records of the Soviet Foreign Office. Whatever difficulties there may have been getting the State Department records, I don't think there would be any chance of getting the Soviet Foreign Office records.

There were later difficulties in '46 that I think one can analyze more clearly. But something happened. There must have been some weighing of considerations and circumstances, maybe partly relating to what was happening in the meeting and partly relating to what was happening outside, that led the Soviet Government to conclude that they wanted to break off the discussions. They had made a concession on Iran, on the patrolling forces, but they made a concession from their viewpoint. From our viewpoint, they didn't have any right to be there; they were supposed to pull their troops out. I think that they had agreed to do this before, and they

hadn't done it. Nevertheless, from their viewpoint, complying with the previous agreement, at least in those times, seemed to be a concession.

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They were probably chagrined at the discussion on Libya, where I think there had been a misunderstanding. This goes back to the [Edward R., Jr.] Stettinius discussion at Dumbarton Oaks, I guess, in which they had raised the question of whether they would be eligible for a trusteeship and had indicated an interest in Libya. (Again, I'm speaking without refreshing my recollection from documents. I was not at Dumbarton Oaks, but I think this has been pretty well documented.) Stettinius told them what was correct that under the Charter they would be eligible for a trusteeship. I gather that the Soviets felt that they had a commitment that they would get Libya. My understanding is that Mr. Stettinius didn't think he was giving them a commitment. And, quite clearly, the British were extremely sensitive to what this would do to their lines of communication through Egypt and the Suez Canal. They were not prepared to agree to have the Soviets in Libya. The Soviet position in the Mediterranean has evolved in an interesting fashion since then, and one can very well see why the appearance of the Soviets in the Mediterranean, an area in which they had not been before, would not have been welcome.

Well, this was pure speculation. I don't know.

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MCKINZIE: This Soviet claim was categorically rejected at the first meeting?

REINSTEIN: My recollection is that it was at London that we told them no, that we would not agree to their having a trusteeship. If we didn't tell them at London, we were telling them probably at the same time somewhere else.

Maybe it wasn't that at all, but there must have been something that led the Soviet Government to decide they didn't want to pursue the discussions at that particular time. And they broke them off. There was a sterile argument conducted for days about the technicality, and finally the foreign ministers went off. In the case of the United States, Mr. Byrnes, to make clear that it was not our desire to terminate the discussions but to go ahead with the work, left the basic elements of the delegation in London. Mr. Dunn remained and several members of the delegation, including myself, also remained there.

MCKINZIE: What was the immediate response of the French and the British?

REINSTEIN: Well, the British were at home anyhow, and the French were only a hoot and a holler away, so there was no particular difficulty about their getting back. The

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position they took was that they were prepared to carry on the discussions as well.

MCKINZIE: They were denying, of course, the illegality of their presence?

REINSTEIN: Well, the British were entitled to full participation, and I can't remember what the French position was. I think you can probably say that since they weren't parties to the Potsdam Agreement, they couldn't expect to be bound by it. Granted that they been at war, they still thought that they had a right to sit in. I don't know how hard they anticipated that. Bidault was pretty raspy with regard to the French exclusion at Potsdam. During all that period the French representative was either Marshal Bidault or Mr. [Robert] Schuman; they only had two Foreign Ministers for a long period of years, both members of the MRT.

Bidault or Schuman never mentioned the term "Potsdam Agreement" without coupling it with a statement of the fact that the French Government had not been present and was not a party to the agreement. They felt very deeply about it. But, after all, the agreement had established the Council of Foreign Ministers, so I guess they had accepted that part of

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the Potsdam Agreement. An invitation was extended to the French Government to participate in the Council after Potsdam, and the French accepted this, but they accepted it with some reservations. I think that they accepted that part of the Potsdam Agreement, but they had some limitation on the degree to which they weren't party, so exactly what their technical position on this was, whether they claimed the right to speak with regard to Romania or not, I don't know. They did have interest in the Balkan area, after all. France had very close relations with the Little Entente and had underwritten the Little Entente for a good many years. They had economic interests in that area, and they also had interests as a European power. Frankly, I don't remember what the positions were. The Chinese weren't going to make a fuss about it, obviously.

I'm sure that we put forward formulas for resolving the difficulty (I don't remember exactly what they were) which would have taken into account the terms of the Potsdam Agreement. I think they wouldn't have had any difficulty with that. The Soviets just didn't want to play; they wanted to break off the discussions. Why they did it I really don't understand, nor have I ever seen any analysis of this. And it may well be that any analysis other than pure

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speculation is impossible; how can you look in the minds of people? I certainly don't remember seeing, at the time, any analysis of what was in the Soviet press, which was one of the ways in which you find out what the Soviets are thinking, that provided any clue to their position.

MCKINZIE: You remained behind then after Secretary Byrnes went back to the United States?

REINSTEIN: The negotiations broke down, I recall, about the end of September or the beginning of October, and I remained behind until a little bit after the middle of October.

Eventually, Mr. Dunn came home, because he headed up the group that met with Couve de Murville in December when the French presented their ideas about partition of Germany.

As the result of Molotov's refusal to talk in the Council about Germany, the French sent a delegation headed by Couve to the other three capitals to present their proposals, and the American group was headed by Mr. Dunn. Jimmie [James W.] Riddleberger, Charlie Kindleberger, and myself, I remember, were in the supporting cast. Maybe there were others that I don't remember.

Then at Christmas time Mr. Byrnes went to Moscow,

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and he worked out some kind of a compromise with the Soviets. He was also endeavoring to get them to agree to some arrangement on nuclear energy and nuclear weapons. After dropping the atomic bombs in Japan, we had offered to abandon our nuclear monopoly and to internationalize atomic power in the [Dean] Acheson and [David E.] Lilienthal plan, which I still think is an extraordinary offer. The Soviets had turned it down, but Mr. Byrnes, I think, was still hopeful of making some progress with the Soviets and took this up with them when he was in Moscow. He took Jim Koenig with him. Nobody from in the State Department went along with them except Ben [Benjamin V.] Cohen, I guess. It was a very small group. They went there at Christmas time and got nowhere on the atomic problem. But he did work out a compromise under which the Soviets agreed to resume the discussions of the peace treaties in London, and we began again at the deputy's level in January of 1946.

MCKINZIE: In that period, between the time you left and the time you came back to the United States, how did you spend your time?

REINSTEIN: Well, I always had something to do on the side, various kinds of negotiations I understood which

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extended over a long period of time, from September of 1945 until July of 1958. That particular session, apart from a short time in the United States, took me away from home for about a year and a half. On that particular occasion I worked with Jacques Rulaf of France and [Sir Sigmund] David Waley of the British treasury on the basic documents for the Inter-Ally Reparations Conference, which was held in Paris beginning about November, I guess. This was the conference under which two things were done. Allocations were made of the reparations of those countries entitled to reparations of those countries entitled to reparations from the Western Zone of Germany under the Potsdam Agreement. The Potsdam Agreement allocated external German assets between the Soviets and the British on one hand, and the British and ourselves on the other. It also allocated the equipment to be taken from Germany, from the respective zones, by the British, ourselves, and the Soviets. The Soviets were to satisfy the claims of the Poles

from their share, and we and the British were to satisfy the claims of all other claims against Germany out of our share.

So, we held the conference in Paris in '45 with the various claimants against Germany, to make a

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division of whatever we were going to be able to get. We also set up administrative machinery for dealing with the problem, or accounting for it, which was the Inter-Ally Reparations Agency established in Brussels, the IARA.

We prepared the invitations to the conference, Waley, Rulof and myself, and we did a first draft of the statutes for the reparations agency, so that we acted, in fact, as a preparatory commission for the conference. Documents that we prepared were then circulated to the participants at the conference.

So, that kept me busy.

MCKINZIE: Did you have at that time any inkling that the reparations problems were going to get to terribly complex, at least with the claimants other than those of the Soviet bloc?

REINSTEIN: I think so. I remember that we certainly didn't think there was going to be a bed of roses. It all stands out very vividly in my mind, because I was brought back when my wife was about to give birth to our youngest child and I "raced the stork," so to speak. It was a very slow race, because I came home on a military cargo plane, and it took us four days to get across the Atlantic. I arrived 24 hours before he was

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born, on the day they signed the United Nations Charter.

The night before he was born, Jim [James W.] Angell of Columbia University, who was the head of our delegation to the Paris conference, came to my house. We sat outside in an automobile and I briefed him on what had happened in London in preparation for the meeting in Paris. And that meeting, I think from the American viewpoint, was very well prepared. They did an extensive set of documents and my impression was that it was done from a professional viewpoint, in terms of how you handle a meeting, how well prepared you are, what kind of relationship exists between the negotiator and his home base. It was pretty well-done. I say that because perhaps in another session we'll talk about this. I didn't get any support from the Department of the State at all in the peace treaty negotiations. I had a terrible time with them.

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Second Oral History Interview with Jacques Reinstein, February 26, 1973 in Washington, D.C.
By Richard D. McKinzie, University of Missouri-Kansas City.

MCKINZIE: Mr. Reinstein, in our last interview, we talked about the Foreign Ministers' Conference in 1945, and I believe we agreed to begin with the meetings in January, preliminary to the Paris Peace Conference. You had told me that you didn't get much State Department help and that you had some difficulties as you began to make your own preparations for the peace conference.

REINSTEIN: Yes, that's correct. In our previous conversation I said that in our planning for the postwar period the Department had not really envisaged having peace treaties at an early stage, and while a great deal of careful and thoughtful work had gone into dealing with various problems--some of it misplaced--this was a subject which had really not been studied. That was one difficulty.

The second difficulty was that, I think, by that time the mechanism for planning had been eliminated. My recollection on this is not wholly clear, but I have a feeling that by the time that the war ended the special organization that was engaged in planning for the postwar period under Dr. Pasvolsky was disbanded

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and the personnel was spread around into the various operating offices. The people who worked on economics went into actually working on current economic problems.

One of their principal contributions had been the planning for the Bretton Woods Conference, and probably the planning for what turned out to be the Havana Charter, a disaster from which arose GATT, General Agreement on Trade and Tariffs. I know that the political people--at least a number of them--turned up eventually in our delegations for the talks to the Russians.

So, I guess that organizationally the mechanism for planning was terminated. This meant that the task of planning reverted to the operating offices, which, in the nature of things, were not terribly well-equipped to do this job and were subject to a number of other pressures. As a matter of fact, this is a common problem in the State Department. If we go on and get into some of the work that was done at the later stage, to the end of Mr. Truman's administration when the State Department took over the administration of Germany, we again had the same organizational problem, but in that particular time we solved it. This is just a constant problem in the Department, a problem which

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General Marshall saw and tried to do something about when he set up the Policy Planning Staff. I think in part that it was also dealt with through the Bureau of Intelligence and Research. It was a problem which, in my view, has never been satisfactorily solved.

Coming back to the writing of the treaties, there was no focus in the Department (other than perhaps in myself, I suppose, as far as economic work was concerned) for working on the peace treaties. I had been designated to undertake this job on rather short notice in August of 1945 and

had pulled together an ad hoc committee at the time. I can't remember whether any kind of committee continued after we began our discussions.

During the brief time when I was back in Washington in November and December, we did do work on the problem. We had conflicting priorities, because at the same time the Paris Conference on Reparations was taking place. This was the conference for the allocation of reparations among the countries entitled to reparations from the western zones of Germany.

While I was in London before I returned to Washington, I had worked with the British and French in preparing some kind of agenda and a first draft of the statutes of the Inter-Allied Reparation Agency.

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The conference in Paris began, I guess, about the end of October or the first days of November and consumed the next month or two. My recollection is that they ran up to about Christmas and they finally reached agreement, although the agreement wasn't formally signed until perhaps a little later.

Well, there was the Paris conference, and there were other preoccupations which bore on the people who might have contributed. One of them was, and I think it's perhaps important to know, our continuing difficulties with the Soviets in various places, primarily in the Balkan countries.

We had started running into difficulties with the Soviets in connection with the Romanian armistice agreement. In the first place, there were differences in the conception as to what should be handled in an armistice agreement. The Soviets wanted to impose a 300 million dollar reparations burden on the Romanians, the kind of decision which we felt really shouldn't be made as part of an armistice agreement. An armistice agreement normally involves a cease-fire, military arrangements, and arrangements regarding the relationship between the defeated country--if there is a defeat; sometimes it doesn't seem to be very clear--and the victor country or countries. Our armistice

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agreement with Italy--so-called long terms--were kept secret for the purpose of enabling us to prosecute the war against Germany.

The German armistice agreement (which we negotiated in armistice terms) and the terms for governing Germany, which we negotiated with the Soviets, were, I actually think by any standard of previous practice, quite draconian, yet they had not purported to affix the total amount of reparations. As a matter of fact, it was only in the Potsdam Agreement that the preliminary agreement on reparations was arrived at, an agreement which was viewed with considerable distress by the permanent staff of the State Department, at least the economic staff. But the pattern of negotiations which had taken place up to that time--and the Romanian

armistice, of course, came before the Potsdam Agreement--did not involve fixing of reparations in the process of bringing hostilities to a close.

One of the things that had troubled us in our thinking about the postwar period was the mistakes which had been made in the post-World War I period. There was the manner in which reparations had been extracted without determination of the actual final burden on Germany and the great distortion that this

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had introduced in the international economic affairs, and political affairs as well.

So, when the Soviets rather brusquely wanted to fix reparation terms, we were very much opposed to this in the economic part of the State Department. We wanted to make an issue of it with the Soviets, but we were overruled by the political people. Perhaps I should be specific; this was the European Division, which was headed up by Mr. James Clement Dunn, who was later Mr. Byrnes; deputy in the drafting of the peace treaties. And it was perhaps not only the Western European people, but the Eastern European people as well; I'm not sure of their participation. Anyway, they overruled us on the ground that the war against Germany was still going on and we could not have any gap, any appearance of division, between the Allies. They did not want to have a squabble with the Soviets over Romania, or at least over this aspect of Romania, and have it break out publicly, as it would have had to had we refused to agree to the armistice terms. It would have been an open split.

I think one can well understand their viewpoint.

MCKINZIE: In the course of that did anyone ever mention the fact that since the Soviets had not participated in the

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Italian armistice, the United States ought not to be involved with the Romanian armistice? It later became an issue, but do you recall hearing it then?

REINSTEIN: Well, there was a problem, I suppose, in a kind of lack of equivalence between the eastern agreements and the Italian agreement. The Soviets had never been a part of the planning mechanism for Italy. They did participate in a group or some kind of organization to which the occupation authorities in Italy reported, as I recall. They had an Ambassador there.

I worked on this a good deal, but my recollection of it is not very close. One of the things that you have to remember is that they wanted to start off on their own in Italy by appointing an Ambassador to the Italian Government. They caught us, as I remember, completely off guard, announcing an arrangement to establish diplomatic relations to the Royal Italian Government. This was a step which we had not contemplated and which forced us to designate somebody who had, in theory, a similar function, although in fact he operated in conjunction with the Allied

military authority. This was Ambassador [Alexander C.] Kirk. But the Soviets struck out by themselves in Italy, I think, presumably with an eye to taking
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advantage of the situation there as they imagined it. I think that it probably didn't turn out quite the way that they imagined it. I don't think they were terribly active in Italy.

The Italian thing didn't really enter into this to any significant extent, I don't think. It had been agreed in the various negotiations which went on the heads of government level, and I have not refreshed my recollection of Yalta and Teheran and what we agreed to at the various stages.

The whole situation in Eastern Europe was one in which we were negotiating with the Soviets. Their ability to move into that area was a function of the fact that we opened up the western front. They would not have been able to advance into the European area if they had had to confront the entire weight of the German forces, presumably. It was the fact that we launched the attack in Normandy. Not only did we pin down large amounts of the German forces, but then we actually engaged them and drove them back. So, the military situation created the possibility of the Soviets coming in, and, I guess, gave rise to what seemed to us to be a legitimate joint concern.

The Soviets were not, of course, terribly happy, as I recall, about the idea of our going into Italy at

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all. They had been clamoring for us to open up a front in Western Europe, and they regarded this whole Italian venture as a kind of distraction and an indication of a lack of interest, on our part, of their situation.

They were wrong, and as it turned out we were able to--although there were extremes involved and there were differences between us and the British--conduct these campaigns successively and successfully. There was competition, obviously, between the two theaters, and there were a great many problems that had to be resolved. The British were much more enchanted with the whole idea of hitting at what [Sir Winston] Churchill called the "soft underbelly" of the Axis. It seems to me, respective to history, that it didn't turn out to be particularly soft, but we did go along with this. I suppose that we originally went into North Africa to relieve the pressure on the British in the Middle East.

MCKINZIE: There is some speculation that the only place we could have gone at that time was there, considering the state of our forces.

REINSTEIN: Considering the state of our forces, the North African campaign was very useful from a number of viewpoints. It really enabled a kind of consolidation

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and enabled us to move in on the Mediterranean, which was terribly essential. The Germans were certainly giving the British a darn hard time and came very close to closing off the canal. Without going into all the details of these military campaigns during the deal, we said for him to at least watch the military effort in the Mediterranean. Whether it was on the scale we did or not, most people will debate forever.

But at any rate, the Soviets were not at all happy with the Italian campaign, which they regarded as distraction from what needed to be the main effort. So, the whole interest that they had in their role and their relation to it was not, as it developed, really a very close one. The situation in Eastern Europe, I think, is no real parallel. I don't remember the Soviets ever fussing about what happened in Italy and drawing any parallel to what we were quarreling about in Eastern Europe.

We quarreled about reparations and the armistice terms themselves. There we got into great difficulties about the control commission in Romania and later in Bulgaria and in Hungary. In the first place, the Soviets acted quite unilaterally. They would take all kinds of actions in the name of the Control Commission, in which we and the British were members, in effect

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utilizing our names without consulting us and in ways that we didn't agree with at all. We thought that they were abusing their position with respect to reparations, with respect to restitution of looted property, and with respect to application of the armistice terms. Of course, they began very rapidly to interfere with the local governmental arrangements and change those around to accord with their ideas. This gave rise to a growing strain in our relations with the Soviets.

People look at what happened to us in our relations with the Soviets. I think that a lot of this kind of [thing] gets lost; it's probably lost in the papers somewhere. I don't know whether any of the papers regarding this have been published in Foreign Relations of the United States.

This was a continuing, running and developing sore in our relations with the Soviets. We had, perhaps, naively, expected to see governments emerge in the Eastern European countries which would be elected governments. We quite understood that the Soviets would not want to have governments which were unfriendly to them.

But take the case in Finland, for example. Without the kind of heavy-handed intervention which

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took place elsewhere, it had been quite possible for the Finns to exist and have an elected government and to keep from getting themselves into a position which the Soviets regard as unfriendly and warranting their intervention. I think this is the kind of thing that we probably thought would happen in Romania which bordered on the Soviet Union. I suppose that we probably thought that this would be the case in Poland, another neighbor. In the case of Hungary, we perhaps looked on things a little differently.

MCKINZIE: In those early negotiations with the Soviets, I have seen some papers which indicated that much dispute centered around oil rights.

REINSTEIN: We got into rather specific issues with the Soviets, because there were allied properties in Romania, for example. The British, ourselves, and I guess, the French to some extent (although they had never gone to war with Romania and they were not a participant in the armistice or the Control Commission) had various property interests, including interest in the oil fields (which we had bombed previously). We expected, and as a matter of fact it was agreed, that we would go back in and resume possession of our properties. Well, the Soviets interfered in this

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process and they grabbed off, under one pretext or another, a good deal of our property.

And this consumed a lot of activity. I was talking previously about the kinds of things that people were working on in Washington and the immediate issues which distracted them from looking at things like peace treaties. One of the things was precisely this Romanian problem, the responsibility for which seemed to rest in our office, which found itself as a sort of residual legatee of reparations, restitution and all property problems of that kind, in the absence of any other office in the Department being responsible.

As a matter of fact, we had been so concerned about it that that matter was raised at Potsdam and is the subject of a secret clause in the Potsdam Agreement. It was so secret that we didn't learn of the existence of this clause in the Potsdam Agreement until a good many months later, I'm afraid at a time when it was no longer possible to use it very effectively.

This was, as I recall, Article 24 of the Potsdam Agreement; I can't remember the exact text. When the Potsdam Agreement was signed we had the text in Washington. We got a telegram and we also got a

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newspaper text, which we compared in those early days of August and which appeared to be identical. There was some question about what the authentic text of the Potsdam Agreement was.

We had a copy from Cavendish Cannon, who I guess at that time was chief of the Southern European Division of the State Department and was at Potsdam. He said that what he had done was that during the final typing he had gone around and, as the girls typed them up, he had lifted a page from each pile. He had a text which I think was the one that we concluded as authentic. But somehow or other this particular article was a secret article and not in the published text. It had to do with the respect of Allied properties in Romania and the other occupied eastern countries. There was a specific undertaking by Stalin to do something about the complaints we had already been making. But as sometimes happens, secret are maintained very effectively, and, in this particular case, it was kept secret even from the people who were supposed to know.

At any rate, that continued to at least color and form some substances of our dealings with the Soviets. It was an irritant, although it would be a mistake to regard it as being a major cause of any effect upon our

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relations with the Soviets.

I gather, without having read any of the books on the subject, that there has been an interpretation of a good deal of our actions in the early postwar period in which a strong economic motivation is attached to various acts of the American Government and various positions that we took.

Well, I am someone who was active in the economic field all during this time. I was active in the economic field until the beginning of the fifties, when I began to move over quite clearly into the political field. In that particular time period it was politics which were riding the horse, not economics. When we were hammering out our relations with Europe and trying to reach agreement with the Soviets, particularly over Germany, American commercial interests were not a significant element which entered into our thinking or our actions at all. The American Government was involved to an important extent in the general economic interests of our country, particularly in the amount of money it was spending, the resources it was putting out, and the burdens that this involved for a taxpayer, but the trading interests of the United States were not a significant factor in the actions that we took, as far as I ever observed them.

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We were interested primarily in creating the kind of structure that would enable the world to function economically again--to get the machinery of production going in Europe; to re-establish, or establish, a trading system in which countries could trade without all the controls that we had in the inter-war period or the controls that were necessary at the end of the war; to help people to get on their feet; to get currency stable. Those were the kind of economic interests that we had.

MCKINZIE: Many of the contemporary revisionists hold that that system which you described is where the immorality lies, that the re-establishment of such a system would immediately redound to the benefit of commercial interests in the United States, even though they might not have had them previously. Only the United States emerged with an industrial system intact and under those kinds of conditions only the United States would benefit for a long period of time. They further say that the concern over Eastern Europe was a concern over market potentials and resource potentials, such as the need for Romanian oil.

REINSTEIN: That's a point that, I think, will arise more naturally when we talk about the Marshall plan.

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Remember that we didn't make all these plans by ourselves; we were partners with the British and Canadians to an important extent. When you came to things like Bretton Woods--Bretton Woods was an international conference involving a lot of countries. The Havana Conference was one that involved a lot of countries. These agreements were not agreements which were arrived at by any American fiat; they were arrived at by hard bargaining in which there were different points of view. There were differences between us and the British, which were differences between forceful intellectual people like [John Maynard] Keynes and Harry White. Neither of them were thinking in terms of whether the kind of arrangement they were setting up was going to benefit one country or another. What they were trying to do was to set up a system in which all countries could participate, at least all countries with any kind of what we now call a "market economy." The Soviets indicated that while they would attend Bretton Woods, they couldn't, because of their own system of controlled economy, participate in the actual arrangements; it didn't fit into their way of doing things. But what was intended--and it was intended by a lot of people, not just the Americans--was to set up some workable financial and trading system toward which

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everybody would move. And I think that there was a general lack of appreciation on the part of the Americans, and on the part of the Europeans, too, of the degree to which the war had damaged the capacity of the Europeans to make a rapid comeback.

The British certainly overestimated their capacity to make a comeback. We overestimated the British capacity, we were insisting on the British carrying financial burdens in connection with the occupation of Germany that were really unreasonably, with, as a matter of fact, sensitivity on the part of the Americans about being taken advantage of by the British.

It's all very well, looking back in '73, to see the United States emerge as this big country, a lot stronger than anybody else. But we had been a junior partner for an awful long time, and we finally pulled up with some kind of equality with the British. The general idea that we were superior to the British, it seems to me, didn't exist at that time. The British certainly didn't think so.

There was considerable doubt as to whether the French were really still in the big league, but we began to treat them as if they were. There are a lot of contemptuous remarks which Stalin made about France--

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-I forgot whether it was at Tehran or at Potsdam--and he refused to give the French a zone of occupation in Germany. We agreed that the French could have one, if it came out of the American and British zones. We would have to take care of the French, because he was very contemptuous of the French. (I wonder what he thought about the Italians? It may have a bearing on the question about Italy.)

But I don't think there was any concept that the Americans would be in such a predominant position. As a matter of fact, after the disastrous winter of 1946-47, when the appalling economic state of Europe began to be apparent, the Americans were horrified to find themselves in the situation; they hadn't planned for it. When we come to talk about the Marshall plan we can go into that in more detail. At this point, and particularly at this early stage, this aspect of American policy didn't ever enter into it.

Now, on the other hand, let me say, it is not only legitimate, but it is necessary that you protect your property interests. One of the functions of the Department of the State is to protect American citizens and American property interests abroad. This is what was done by our consular offices for many years. It has now become more a function of our diplomatic

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mission, but if you go back and examine the diplomatic history of the United States or the diplomatic history of any country, you'll find a constant theme of the protection of their property. This is a subject which governments have always regarded as being legitimate and a matter of great concern to them.

The State Department was responsible for taking whatever action it could to see that our property rights in the Romanian oil fields were returned. To suggest that we have any strategic interest in Romanian oil is utter nonsense. We did not import oil in those days, I think, except maybe from Venezuela. As a matter of fact, people were more concerned about keeping imported oil out, as to some extent they still are, than they were about bringing it in. Romania was so far away that I can't imagine that anybody would have seriously thought that Romanian oil had any strategic implications for us. It had had strategic implications for Germany, and that was what lay behind the bombing of the fields and the effort to interdict the supply of Romanian oil. But it certainly had no strategic interest from our viewpoint at all.

Well, this is all of the background to a discussion of the planning for the economic part of the

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peace treaties. The staff available had other tasks and probably wasn't terribly interested in the subject. At any rate, during the period I was back in Washington in October and November, we did some work on the economic clauses of the Italian and Balkan treaties. I might add that there was another distraction which did take place, which was the beginning of the development of the German problem.

We no sooner started trying to run Germany after its defeat and the establishment of the Allied Control Commission, when we started getting into difficulties. We had two kinds of difficulties. First, we had difficulties with the French, which to some extent, I think, masked some of the difficulties which we had with the Soviets, because the French were completely uncooperative. The French had not been present at Potsdam; they had not participated in any of the negotiations regarding the control arrangements in Germany. At our insistence they were given a share in the administration of Germany; they were given parts of the American and British zones to occupy,

and they were given an equal voice in the administration of Germany. And they were given this without really any commitment from them to the arrangements.

The French accepted the Potsdam Agreement only

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insofar as it dealt with the administration of Germany and not otherwise. Their assent to it, which I guess was after the fact, was a qualified assent. This would have been in August, right after the Potsdam Agreement, and I am reasonably sure the French were not consulted during that brief period when the agreement was being negotiated.

The subject then came up at the Foreign Ministers' meeting in September and October of '45 in London, when Mr. Bidault asked for a discussion of policy toward Germany and wished to have a consideration given to the series of French proposals which aimed at partition of Germany and control of the Ruhr.

Mr. Molotov refused to agree to have that discussion at the Ministers' meeting, said it should take place through diplomatic channels. Mr. Byrnes, although he disagreed with the French contentions, supported the request of the French to have a discussion of the ministers.

As a result of that exchange in London, the French sent a mission, headed by Couve de Murville, to the other three Allied capitals to present and discuss these French proposals on Germany. This took place at the end of 1945, and Couve came to Washington in December. So, one of the things that we had to do also

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in this period was to have meetings with the French on that subject. Those discussions were carried on by Mr. Dunn on behalf of the United States, as I remember. There were important economic aspects of the French proposals, as well as political. The supporting team that he had, I remember, was James Riddleberger on the political side, myself and Charles Kindleberger on the economic side. Professor Kindleberger is now at MIT and was, at some point perhaps around this time, put in charge of an office in the economic part of the Department that dealt with the occupied countries, particularly Germany, Austria, Japan and Korea. Italy, being a cobelligerent, didn't fall into their area. These were only the areas where there were American forces in occupation. Then they eventually broke that down into two offices, one which dealt with Japan and Korea and another which dealt with Germany and Austria. I can't remember when all that took place, but I think that that administrative arrangement must have been set up about the time that we had the foreign ministers' meeting. At any rate, that was another topic which we had to deal with at that time, as well as the developing difficulties with the Soviet occupation authorities in Germany, over the taking of property such as plant equipment for reparation, interzone

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trade, and things of that kind. These difficulties began to emerge in the month of September, I think, and were dealt with for a long time in the Allied Control Commission. This eventually gave rise to the effort to find some common basis for dealing with both the east and west in the Level of Industries Agreement of February of '46, I guess. At any rate, there were a lot of things going on, so that the Italian and satellite treaties had a lot to compete with which was very pressing.

So, I found myself working with a group of people who were greatly preoccupied with a lot of other things which were quite important and quite demanding. I had a hard time getting their attention. The result of this was that when we went off to resume the negotiations after Mr. Byrnes' trip to Moscow at Christmas time, I really started off, as I had the first time, without instructions.

To put things in perspective in looking at any one of these problems, I think it is important to see what else was going on at the time. This is why, perhaps, that I've gone into so much length about our trouble with the armistice control agreement and what was happening in Germany, because all of these things were happening simultaneously. Obviously, there is an

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interplay between them of some kind or other, and just what that interplay is, one could discuss for a long time.

So, Mr. Byrnes was quite attached to this idea of developing the peace treaties with Italy, the Balkan countries, and Finland as part of the methodology for dealing with the postwar problems. When the discussions in London broke down in October and the delegations disbursed to their various capitals, he left elements of the delegation in London, headed by Mr. Dunn, as a token of the American desire to resume the negotiations at any time; we were ready to pick up and meet again. But eventually all of us came back to Washington, at least temporarily, and Mr. Byrnes began soundings with the Soviets and eventually got their agreement to talk with him.

As I remember, he wanted to get the participants to the Paris Conference back together again. The Soviets were very sticky about that. They didn't pay much attention to the Chinese; their position required that they object to the Chinese presence. The Chinese didn't make any trouble, hardly said a word in London. They did speak from time to time, but in a very restrained way. As a matter of fact, I have a vague recollection that when we began getting into

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difficulties between the western countries and the Soviets, they attempted to see if they couldn't conciliate. The summary record of those discussions, I suppose, are in the public domain.

I don't know of anybody that has found it useful or worthwhile to go back and examine them; I would think they would make rather dull reading. Nevertheless, they are worthy of the attention of scholars and devoted people, and they would be interesting to somebody who was interested in the development of the Chinese position and the relationship between the Soviet Government and the Chinese Nationalists Government.

We had the quarrel over procedure, which was the nominal cause for the breakdown of negotiations. It does stick in my mind that this is one of the few cases when the Chinese actually intervened in a significant extent in the discussions. They attempted to act as a conciliator and propose formulas for solving the impasse.

In speculating about what the Soviet reasons for breaking off the discussions were, I have a feeling that in part they were tied, but only in part, to the French. It was particularly the French participation that they were fussing about, in the Balkan

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discussions, for example.

I'm not sure that that was what really bothered them; there must have been something else that bothered them, but what it was, I don't know. When Mr. Byrnes attempted to find some way of resuming the discussions, his efforts to do it by reassembling the participants of the London Conference, just didn't go with the Soviets. Apparently, they agreed to see him and talk with him. I think that he may have offered to come to Moscow for the purpose.

Now, he was interested not only in resuming the peace treaty negotiations. He was interested in something else, which was quite important, and that's illustrated by the composition of the group that flew to Moscow. It included, as far as I can remember, nobody from the State Department except, I suppose, Bohlen, because Bohlen went everywhere as the interpreter. Dunn didn't go, although one of the prime objects of the trip was to get the treaty negotiations underway. I guess that Ben Cohen went, because he went almost everywhere with Byrnes. But one other participant of the Moscow trip was James B. Conant. I believe that a rather important aspect of the hegira to Moscow was to try and engage the Soviets in a discussion of nuclear matters, particularly the

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Acheson-Lilienthal plan, which had been put forward several months before and which they had, much to our surprise, completely rejected.

Probably one of the most extraordinary actions which any government has ever taken in the history of the world is to achieve the kind of power which we did in developing the atomic bomb and then offering to internationalize it. I think one could search the annals of history long to find any parallel to that.

I can't remember whether I have talked with Conant about this or not. I got to know Dr. Conant when I was director of German affairs and he was our high commissioner and later Ambassador to Germany. I think perhaps that I did at one time discuss this particular trip with him, but I have no recollection of that happened.

Anyhow, nothing came out of the nuclear side of this trip. Mr. Byrnes was successful in getting agreement for the negotiations to be pursued in London at the deputies level, on a basis which was technically in conformity with the Potsdam Agreement. The Soviets had a point in the procedural fuss that they made, which was that under the Potsdam Agreement only those countries which had been at war with a particular enemy country were entitled to participate in the discussions

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of relations or a treaty with that particular country, at least in the Council of Foreign Ministers.

Theoretically, as we sat in London, we should have had a sort of set of revolving doors, and the Chinese should have absented on some occasions, the French on other occasions, etc. What in the world would have happened when you discussed Iran, which was not an enemy country, the Potsdam Agreement didn't provide any guidance for; whether the door should be revolved on Iran, I don't know.

At any rate, at the deputies level the problem was only a question of working up the drafts of peace treaties. The agreement which Mr. Byrnes made in Moscow followed, rigorously and technically, the Potsdam formula, which in effect meant that we set up three sets of committees to deal with the peace treaties. There were committees on Italy, which included the Soviets, the British, the French, and ourselves. There were Balkan committees, which included only three powers, leaving France out. Finally there was a bilateral committee, the U.K. and the U.S.S.R., to deal with Finland. at any rate, it was on the basis of that type of procedure that the discussion was to resume in London, and in fact did resume. When we later moved the venue of the

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discussions to Paris, that particular procedure was knocked all over the place.

We set off again at the beginning of January on the Queen Elizabeth. It was still a transport, bringing back 18,000 American soldiers from Europe every trip. On the way over I was troubled by the lack of any formal instruction and guidance for the conduct of our negotiations.

MCKINZIE: You were delegated to deal with the Italian and Romanian problems specifically?

REINSTEIN: In the earlier discussions in September, I singlehandedly was supposed to deal with all economic problems in all five peace treaties. The Potsdam Agreement said that the Council of Foreign Ministers would have a foreign minister, and each foreign minister would have a high ranking deputy and a small staff. Mr. Byrnes, who was then a Senator, thought of a staff in terms of, I think, a senatorial staff of those days; when Senators had a secretary and maybe a couple of other people in their office.

At any rate, we went off with a tiny group and I was the economic adviser to the Secretary of State for the making of the peace treaties; I was the only one. By the time we started off to London again, I managed

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to attach two more people to me. One was from my immediate office, Julia Shairer, who worked for me on Western European financial problems, and the other was a very bright young economist, William Bray, who served with the Foreign Service and is now retired and working with the Treasury. Anyway, I managed to triple the staff. By various devices, we eventually built up a staff beyond this one to cope with the problem.

At any rate, I was responsible for all economic problems and I had the help of two people. I forget where Bray came from and how I got a hold of him, but Julia Shairer had worked with me and had had some background on this. Bray, I think, was fairly new to the task.

As I say, I was disturbed at the lack of any formulation of policy. I proposed to Mr. Dunn that I should, during the course of our trip to Europe, write down what the delegation proposed to do and the policies it proposed to follow. We would then send this back to the State Department and say that if they didn't agree with us, they should alter this and give us instructions so that we would have a coherent policy line. Actually, during the course of that trip of about five days, and despite some amusing technical difficulties, I turned out a paper on Italy; I never

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did do one for the Balkans. The technical difficulties related to the typing paper.

This ship was a troop transport and the cabins were all organized with large numbers of bunks in them, and it was very hard to find any place to work. Well, I managed to borrow some space from the Army colonel who was in charge of billeting, or something like that, on the ship when it was coming towards the United States, because they weren't very busy. The ship was repatriating some British naval people who had been on our side of the Atlantic. We were still then, in January, resorting our forces.

We had typewriters, but they had been packed for export and it was almost impossible to get them out of their cases, so we borrowed a typewriter from the U.S. Army. It was a long carriage machine, and the typing of this document turned out to be rather time consuming. I finally went down to see what was holding it up. What was holding it up was that the Queens, both of them, had a very long, slow roll. The girl would type away, and periodically as the Queen rolled the long carriage would shift, so she was fighting against the roll of the boat. I solved this problem by the device of facing the typewriter so that it went fore and aft, and we managed to finish the manuscript

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in time for our arrival in London and to send it back to Washington for comment.

It was a fairly comprehensive paper, and if anybody is interested in it, I think that this might be worth looking at. It deals with only part of the treaties. I haven't looked at it since I stopped

using it, which would have been sometime in '46, but the paper made assumptions about our political policy and it set the economic clauses in an overall setting of the political context. It also had an analysis--as I recall, this is done in rather summary terms--of the Italian economic situations and probably developments for a short period. We had been, in effect, forced into making it a peace treaty which would presumably go into effect within a little more than a year's time. So, we were forced, in effect, to place a good deal of our thinking in the context of the short run prospects for the Italian economy, and Italy at that time was economically prostrate.

This had an important bearing on the argument which developed over reparations. Reparations probably would have been a problem to be faced in a short term, anyhow; I think we all were in agreement that reparations ten years later wouldn't do any good. We had our experience with long term reparations

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continuing reparations that never wound up, after World War I. So the general thinking, on almost everybody's part, was to make reparations rather short and quick.

Well, we did a paper which covered that. It also dealt with the other topics which we understood would have to be dealt with in the peace treaty. We had examined earlier the pattern of the post-World War I treaties as a kind of general index of what subjects the treaty should deal with, not what should be included. There was some good technical work done in the property field, on matters of legal rights and interests, in World War I, when they had enormous staffs to work on these kind of relief matters. By and large, they were a good index of the types of problems which had to be dealt with in a treaty, which was just presumably to enable you to put all of your relations back on a normal basis and to settle, in some definitive way, the issues that arose out of the war. This is exactly what we were trying to do with the Italian treaty in a short time span.

Anyway, there was a document and we did send it back to the Department. By and large, we didn't get much in the way of thoughtful reaction. It was hard for me sitting in London to tell exactly what they did do; they didn't answer it. The telecons worked rather

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badly in those days, because we used radio and they were sent in code, and they were extremely sensitive to any kind of change in conditions. If you had one of these thing where there were sun spots or something like that, it was absolutely dreadful, because there'd be five minutes of sending and then a half hour of efforts by the two operators to get back into communication with each other, mostly sitting and typing out over and over again, "The quick brown fox jumped over a lazy dogs back, 1,2,3,4,5,6,7,8,9,0." Then they would put the code device in and every time it went off you would have to use a different code, so it was a rather cumbersome method of communication. By sending prepared material before, you avoided some of these difficulties, because it wasn't subject to the hesitancy of the operator and he could actually type out a tape and send it.

We got really very inadequate guidance. We got guidance on things we didn't need, for instance, on Italian reparations. Our main effort was trying to keep the burden down as far as we could. On the more complicated issues, like some of the issues affecting property rights, we really didn't get any effective guidance at all. This left us in a rather difficult position, because it meant, in effect, that we had to

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determine policy ourselves.

Well, the discussions with the Soviets progressed very slowly. In the Italian Commission we became involved immediately in long, complicated and sterile discussions, and communications with other interested governments.

I should explain at this point how it was contemplated that the peace treaties would be developed. The powers represented in the Council of Foreign Ministers were five, but this basically meant three. The Soviets, the British and ourselves, in effect, had arrogated to themselves the responsibility for making the peace, as they had in the Charter of the United Nations arrogated to themselves the responsibility for maintaining the peace. They had included the French and the Chinese as major powers, and the concept of the world which they had at that time--and I think this was something which was very clear--was one in which the big powers decided things. They listened to and took other countries' views into account, and in the final analysis they made the decisions. They would make the decision regarding the character of the peace, and they would make the decision regarding the maintenance of the peace: One, in the Council of Foreign Ministers, the other in the

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Security Council. In a sense, these were complimentary bodies, although at this point everybody had forgotten about the Council of Foreign Ministers. Nevertheless, there is a very clear parallel between the concepts which were developed at Dumbarton Oaks and the concepts which were collaborated at Potsdam.

Now, the Potsdam Agreement gave to the Council of Foreign Ministers the general task of working out the peace settlements. It gave the Council other tasks which I must say that I've forgotten. I think that it was intended that the Council of Foreign Ministers should be the parallel body to the Supreme Allied Council of post-World War I. Look at what happened in that first meeting of the Council in London, the range of problems which were discussed. They were discussing withdrawal of troops from Iran, they were discussing Soviet desire to have a presence in the Mediterranean through a trusteeship in Libya, and they did various other things. While making of the peace treaties was the most important function, nevertheless, there was a concept that the Allied powers who had carried on the main burden of the war would take on the function of seeing that things were organized for the postwar period in the political and military sense. The United Nations would come along later and concern itself with

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what happened thereafter. There is, of course, the provision in the United Nations Charter, Article 109 or 110, that exempts from the provisions of the Charter whatever the victorious powers of World War II should decide with regard to peace settlements.

Of course, the United Nations who conducted the war and the United Nations who made the Charter, were, until we added Argentina, identical. The provisions for adding Argentina were perhaps one of the things that may have had some effect on changing the character of our relationships, but that's another story.

Well, it was the principal victorious powers who were going to write, and in effect dictate, the terms of the peace. The idea was that they would take into account the views of the other belligerents. This was done in the Paris Peace Conference, where the other powers, who were at war with Italy, and who had taken part in the war with participation of forces, were invited to participate. The countries which were at war, but had not participated in the military sense, were not invited to the Paris Peace Conference.

The determination of the relationship between the major powers and the other powers had, when we met in London in January of 1946, not been determined. In a sense, we ran into this first on a rather minor

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technical point--which was what often happens and how decisions were made--when we began to tackle the economic clauses and address ourselves to what should be done about reparation from Italy. It was decided by the deputies that we should address invitations to claimants against Italy to see what their reparations claims should be.

MCKINZIE: Was this the first problem that came up in London?

REINSTEIN: This was the first problem which came up in the economic line. Generally, in the initial economic discussions, there was very little accomplished, and I think that what happened was that the main discussion took place in the political forum and the economic tended to follow. Although, we did at an early stage run into this one issue which dealt with a subject that the powers had not decided on; what would be the relation between the larger powers and the smaller powers? I sat through a lot of the discussions.

The biggest issue was the issue of the borders on Venezia Giulia. In that particular field there was some discussion of the borders, but the main decision taken was to dispatch a commission to investigate the situation on the spot. The big substance of the

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discussion really involved the question of where the commission would go, in effect to find the area in dispute. There was a long and very difficult negotiation regarding the terms of reference

of the Venezia Giulia commission. At one point it resulted in the breakdown of discussions of the deputies over an issue brought in by the Soviets. That was the proposal that the Venezia Giulia commission should investigate the situation in the province of Udine. Udine was not part of Venezia Giulia; it was an area in which those people who were not Italian speaking were German speaking. It was not an issue about the border between Italy and Austria, because it had already been decided by the Foreign Ministers, in their first set of basic decisions in London in September, that the border between Italy and Austria would not be changed. (If I said anything earlier to indicate that the discussions in London did not deal with major government issues, I made a mistake, because it did make certain decisions, including a decision to confirm and continue the border between Austria and Italy which was established after World War I.) This decision came about in October, and one of my colleagues protested at the time that this historic injustice should not be left in the state in which it was, because Mr. Wilson had made a mistake.

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MCKINZIE: Was this on the ground of the nationality of people involved?

REINSTEIN: That's right. The rationale of Mr. Wilson's 14 points would have led to a border south of the Brenner, which would have given Austria at least parts of the south Tirol. The Italian rule in the south Tirol had been quite oppressive, and I myself felt that this question should be reopened. I don't know what planning and discussions preceded this, but it was decided in London by the ministers in September of '45 that the Austro-Italian borders should remain unchanged, without any particular conditions regarding the protection of the German-speaking population. And I did at a later date, along with my colleagues, protest this and propose in the American delegation that it should be reopened; but it did not receive a hearing.

That was not an issue. It was never involved in the question of the relationship between the Italians and the Slavs, which was involved in the Venezia Giulia problem. The Soviets introduced what, I think, can be reasonably called a "red herring" in bringing Udine into the scope of the discussion. We countered by bringing in another red herring, the conditions in

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Fiume, which the ministers had decided to give to the Yugoslavs. So, we played, in effect, tit for tat by introducing a counter to their obvious efforts to open up a question which was not open, in effect, trading the two off.

There's nothing wrong with this type of tactic, but it doesn't get you anywhere. I don't know why the Soviets raised the Udine question, because there was no particular reason to believe that anybody was interested in this. Maybe there was some kind of Yugoslav interest of some sort in what went on there, but I never heard any discussion of it. At any rate, we had gotten bogged down in that kind of discussion and the border discussion proceeded rather slowly.

The other discussions we got into were rather on reparations, and in a sense we dealt with that in two ways. The first way came up in the economic committee. It had been given what was thought to be a rather routine task of drafting a letter to the countries not represented in the

Council to find out what claims they had. The second was, at least, the first brush with the substance of the reparations problem, which did come up in a tangential way, as I recall. I'm not sure exactly how it did now.

On the first point, when the American delegation

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went into the economics committee we looked on this as a rather routine matter of addressing communication to all of the countries which had been at war with Italy and asking them what their claims were against Italy. This was without any concept that addressing the inquiry would in any way prejudice what action would be taken, but recognizing that probably rather exaggerated claims would be made.

However, we immediately found ourselves locked in an argument with the Soviets, who wanted to restrict the inquiry to what they described as "countries which had suffered from Italian aggression." This had the effect of limiting the scope of the inquiry to those countries which presumably, as the Soviets regarded the phrase, had been the object of armed attack by Italian land forces.

Now, we had not, ourselves, any particular concept as to what should be done. As a matter of fact, we didn't think that the Italians were capable of paying much in reparations, but we certainly thought that, pro forma, one should ask everybody what they thought. There had been warfare in the Balkans in which the Italians had participated and warfare in North Africa, but that didn't involve any belligerents other than the British, because the Egyptians were not belligerent and

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there weren't any other independent countries. France was obviously involved, then Albania, Ethiopia and, of course, the Soviet Union, because there had been Italian forces on the Eastern European front.

Now, on the other hand, the formula as developed by the Soviets, seemed to explode naval and air attack, as far as we could make out, and there were a number of countries which had suffered losses as a result of naval and air attack. For example, there were extraordinary attacks on Malta by the Italian air force, and there were Italian submarine operations against Allied shipping, generally, including some of our own. At any rate, we had no particular interest in reparations. The Soviet formula seemed to be one which was rather tilted and biased to people who had gotten involved in land warfare, and perhaps it may have been understandable; this was the way they looked at it. It was not our intention at the time to try to prejudice this, and I don't think that we would have been inclined to exclude naval and air actions completely for the benefit of action at land, even though it doesn't have quite the same effect on civilian population.

We didn't have any particular ideas as to what to do and thought very little could be done at all, but at

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any rate, we did object to the slanting of the questionnaire, and we carried on a long dispute about the sending of this letter.

When the issue first arose I consulted with my superior, Mr. Dunn, about what should be done. We decided that we would not allow ourselves to be pushed into a decision by a nuisance tactic, and so we decided that we would argue this issue out. So, we did argue it as long as the Soviets wanted to argue it. I sat and argued this issue for I can't remember how many sessions of the economic committee. I figured, later, that we spent 26 hours in discussion of this particular topic, after which we referred the matter to the deputies, who took no action; the inquiry never went out.

We tried to register a point with the Soviets, I think, on this particular thing, which is that we were interested in having a serious discussion, but if they didn't want to have a serious discussion, we were not going to allow them to push us into going along with what they wanted simply by the device of their harassing us and putting up a rather silly point. If they thought they could get their way simply by the tactic of wearing us down, and we would get impatient and give in to them, they were wrong.

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MCKINZIE: Was this on that particular point, or did you have a feeling at that time that they were generally obstructionists in most every issue at that time?

REINSTEIN: I think that on a whole they were just using time. There really wasn't anything that we were able to make any progress on in that area, roughly speaking; there was nothing. The most we were able to do was to send a commission of inquiry into Venezia Giulia, and beyond that we legally didn't do anything. We tried in one way or another to open up various issues and discuss them, and every time we took something out we usually ran into a pretty blank wall. The net result was that we made very little progress, indeed.

Now, there is one point which I'd like to put on the record, and that is the instructions I had from Mr. Dunn on how to conduct myself in these negotiations. I think on a whole that we, in the American delegation, were a very small group and we were very closely knit. I sat through all the meetings of the deputies, because the committees and the deputies did not sit at the same time. Whenever I was not in committee myself I was in the deputies' meeting. (I don't think there was a political committee. There may have been some kind of committee which tried to work on the terms of reference

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of the Venezia Giulia commission--I can't remember--but the political issues weren't sent to committee, economic issues were.) We were quite close, and, on a whole, didn't need much in the way of guidance. We had given the State Department our concept of how we wanted to

operate in the economic fields, it had been approved by Mr. Dunn and sent back to the Department, and so I had my general marching orders. And there was only one piece of guidance that I remember him giving me, and I think it is a rather interesting and important one. He told me that I was not to concert with the British or the French and give the Soviets any kind of feeling that there was a ganging up of the Western powers against them.

I mention this because, constantly in that particular period, the Soviets were always talking about us as being the "Western bloc;" in fact there wasn't a Western bloc. In the economic field we developed our ideas ourselves. The British developed their ideas; they did a lot of staff work. I'm not sure how much staff work the French did; they generally attached themselves to the British position, and the British-French position was not very often what the American position was. On many technical issues in which we had one position and they had another, we had

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problems of trying to reconcile technical differences on things that were of no interest to the Soviets, who had a wholly different system. Sometimes we did and sometimes we didn't.

Sometimes we would wind up with a U.S. position and a British-French position. Usually when we did, the Soviets would join us in our position against the British and the French, so you had (and you will find this in the records of the peace conference later) the proposals which were British-French positions and the proposals which were U.S.-U.S.S.R. positions. Those were American positions, basically. The Soviet Government had no particular interest in them but probably concluded, for one reason or another, that the Soviet Government should align itself with the U.S. position either for general consideration of policy or perhaps because, on the whole, our position was a more moderate position than the British-French position.

By and large, we never accomplished very much. The discussions droned on interminably, without getting anywhere. The time table had originally been to have a complete text of the treaties prepared by the deputies by May 1. I remember that date particularly because in the internal frustrations of our delegations we wrote little bits of doggerel, and I wrote one myself.

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MCKINZIE: Do you recall it?

REINSTEIN: Yes, I've got it written down somewhere. As a matter of fact, I have a whole collection of doggerel written during the treaty negotiations.

MCKINZIE: Would you care to insert it into the record?

REINSTEIN: Well, if I can dig it out I'll be glad to insert it. As a matter of fact, some parts of it are not very bad; they were not written by me. I remember writing a song to the tune of "As Time Goes By," which was an appropriate theme for the time-consuming discussions that we were having. It had to do with the issue involved in the terms of reference of the Venezia Giulia commission. When the Soviets threw in this odd idea of having the idea go to Udine and we put

in a counter-suggestion that they should go to Fiume, there was a condition to their going to either place, "if time permits." This was the effect of distinguishing the investigation into these two areas, which were not part of the area which we were supposed to look at, from Venezia Giulia proper, which was to be the subject of examination by the deputies. In effect, since the time was rather limited, probably they wouldn't go either place.

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We couldn't get agreement on the phrase, "if time permits." The Soviets said that they would accept the enlargement of the terms of reference of the commission, but they would not accept that phrase, "if time permits." I am not sure whether they accepted Fiume. I think maybe there was a disagreement on that point, but they wouldn't accept the phrase "if time permits" for Udine. The result was that the discussions were completely stopped for some period of time. This limited the amount of available time for the commission, which nevertheless did proceed to the area and make an examination, attended by a great deal of demonstrating. I'm not sure how much light has been shed on the situation in the existing circumstances, but this phrase "if time permits" did lead some of us to write some doggerel, and I remember that the one I wrote wound up, "treaties would be done most surely by May 1. These all will be resolved, if time permits."

Well, needless to say, we had no draft treaties on May 1, and we weren't getting anywhere near that as the time approached. As a matter of fact, we didn't have drafts of any kind. I think, probably on the proposal of the United States (I'm not certain of this now), it was decided to convene the Foreign Ministers to see where things stood. It was the right kind of decision, States (I'm not certain of this now), it was decided to convene the Foreign Ministers to see where things stood. It was the right kind of decision,

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because the prior decision had been to hold a peace conference on the basis of completed drafts which were not in existence. Consequently, some decisions needed to be made as to how the drafts were to be completed and when the peace conference was to be convoked. I believe that the United States proposed a meeting at the ministerial level to be held in Paris.

This meeting convened a couple of days after Easter, and since the French were the host government, it was hardly polite to exclude them from the discussions. They fought completely all the elaborate structure which had been agreed on about three or four months earlier of classifying people according to the Potsdam classification. It was forgotten about and we all sat around the table again.

MCKINZIE: Before you get into the movement of the conference to Paris, do you recall any local color about the circumstances of the meeting in London? What kind of physical setting did this conference have, and what kind of accommodations were there from the delegations?

REINSTEIN: Well that's very interesting and very important; because as a professional conference goer of many years, this type of consideration, to me, is very

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fundamental to the conduct of peace conferences and, I think, probably any serious analysis of diplomacy. This type of thing always is quite important, as to where do you hold the meetings, the conditions under which you hold the meetings, the shape of the table.

In the Potsdam Agreement it had been decided to make the seat of the Council of Ministers in London. London had been the great inter-Allied coordinating center during the war. This was where the European Economic Commission, which drafted the German terms of surrender, met; that was the British, the Soviets and ourselves. In a sense, the Council of Foreign Ministers was a continuation, enlargement, and raising to the ministerial level of the EEC. London was chosen as the permanent home of the Council, and although we went to Paris, to New York, and held meetings in other places, London continued to be the coordinating center. Even after the Soviets dropped out, it was a great coordinating center for tripartite--that is British, French and U.S.--relations. It became the first home of NATO, and it was the center for discussions of Germany over and over again, until 1952. Then NATO was moved to Paris and the Western relations all got centered in Paris. So, at this point, London was the place. When we first met in London, and so long as we

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met there, we met in Lancaster House. Lancaster House was adjacent to St. James Palace and to Green Park, and I believe that it is the property of the City of London. I forget what the history of Lancaster House is, but it was at least made available to the British Government for international conference purposes. As far as I know, it continues to be used in some relationship between the City of London and the British Government, because I have been there to official lunches within the last couple of years.

The meetings of the ministers, and I guess later the meetings of the deputies, were held in a large room overlooking the garden that looked down toward the mall, and there were various small rooms which served as committee rooms. In the 1945 meeting we only had the ministers, so that there were really no committee meetings at all. The deputies met occasionally for the purpose of arranging the agenda of the ministers, and I suppose they met in the same big conference room.

When we began meetings for the deputies, we did have committee meetings; we had an economic committee and a naval committee.

As a matter of fact, there was a rather amusing incident. One of the discussions that were carried on at this stage of the negotiations was how to dispose of

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the Italian fleet. A good deal of the Italian fleet had been sunk during the military operations in the Second War, but there were a certain number of Italian naval units that were still left. It had been agreed that the Italian navy should be completely disbanded and all naval ships should be divided up. Most of these ships, I think, were probably in rather poor condition, but a very

elaborate, Byzantine negotiation went on in the Naval Committee about the division of these ships between various major and minor countries. And one day the Naval Committee emerged from this meeting room. Lancaster House had a great center area with an enormous staircase that went up from the first floor to the second floor and wound around, and when these doubting warriors of this Naval Committee emerged they were startled to find a couple of men dueling up and down the grand staircase with sabers. It was rather surprising; you don't expect to come out of a committee meeting and find a couple of guys hacking at each other with sabers.

Well, the explanation was quite simple. The British had let this place to a movie company as a set for a historical movie of some kind, and they were having rehearsals. They came back that afternoon and did it in costume, with all the bright lights. The

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fellows were trying it out for size, and this was rather a distraction for treaty making.

The American delegation itself had its headquarters in #5 Bourbon Square, and the Embassy was #1. It was the Countess of Becham's house that was rented and had housed our missions to the governments in exile before they had returned to their home countries. We held fort there. I would say that, to my knowledge, Mr. Byrnes never set forth in these quarters in the early stages of our discussion; he always stayed in the Claridge Hotel. All the papers were carried over to him.

We had a terrible time trying to account for all the papers. At one point we were missing a large number of telegrams, including top secret telegrams, and had a terrible time trying to reconcile the rather informal type of operation with the customary way the State Department conducted its business.

MCKINZIE: You've mentioned your relationship with Mr. Dunn and receiving instructions from Mr. Dunn. Where did Mr. Byrnes fit into all of this?

REINSTEIN: Well, in the initial stage when the ministers met in London, nothing got down to my level at all except setting the Austrian ration. The only

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substantive problem I dealt with in September and October was when the Allied Commission for Austria asked the foreign ministers to set the ration for Austria.

When we resumed the discussions, it was done at the deputies level and Byrnes was not there. The deputies were Mr. Dunn from the United States; [Hubert Miles], Gladwyn Jebb, later Lord Gladwyn, for the British; Couve de Murville was the French representative; and the Soviet representative was the Soviet Ambassador to London, whose name for the moment escapes me.

I might say that at that stage of the discussion, the Soviet representation at, say, my level, was very junior. At that point I was the economic adviser to the Secretary of State for the peace

treaties. The British representation and the French representation were at a quite high professional level. The French representative was Eric Cavumel, who later was the Secretary General of the French Foreign Office, and the British were represented regularly by Sir Henry Gregory, who had a kind of double accreditation from several government ministries. I know that Sir David Waley, who as one of the senior civil servants from the Treasury, participated from time to time later in

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Paris. On the level of discussion, however, we had a very junior Soviet representative. My boss was Mr. Dunn, and when we went down to Paris and began meetings at the ministerial level, then Mr. Byrnes came over and I dealt with him and Mr. Dunn.

Before we get to Paris I think I should describe what happened at the very end of the London negotiations. We weren't making any great progress. We had a deadline which we weren't going to meet, and there was not going to be any peace conference at the time it had been contemplated, because we didn't have any drafts. It was impossible to send out any invitation to do anything. As a matter of fact, I don't think we had any communications with any of the other powers. We were really locked in our own difficulties, and I wouldn't even say a disagreement; we were locked in an inability to make progress. I think this is what led the United States at that stage to move the discussions up to the ministerial level, trying to break the deadlock or find out what the trouble was and give some impetus to the negotiations.

A decision was reached to convene the ministerial meeting in Paris in April. That happened, as I recall, in March. At that point Mr. Dunn decided that it would be desirable for the United States to present an

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overall position in regards to all of the treaties and to table complete drafts. He gave instructions which I must say horrified me, because we had, I think, a matter of three weeks to do this. He, in effect, told the American delegation, "You sit down and come up with a complete draft of every one of these peace treaties."

Well, I can only at this point speak about what happened to the economic position. Obviously, we then moved from a procedure in which we were just sort of "mating with our feet," so to speak, going to meetings over and over again and getting nothing accomplished, to a period of extraordinarily high intensive force. And I concentrated on that task for, I would say, about three weeks, with the people I had available to help me. I'll say that my effective staff had been enlarged slightly at that point by the simple device of kidnapping. As I said, the State Department didn't give us much support. I think that the fact that they didn't give us much support is illustrated by one simple thing; they refused to give us a lawyer. Now, when you sit down and write peace treaties, you are writing a legal document. When you go back to that time there are all sorts of witticisms about it. It seems to me one of them is that the "State Department fiddles while Byrnes roams." And I have perhaps a

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prejudiced feeling of this, but I think that probably the Department tended to look wrong on this, making the peace treaties as something of a pet project of Mr. Byrnes. His relations with the State Department, I guess, were not terribly close.

I never had much opportunity to observe them, because I spent all my time while he was Secretary abroad and, by and large, with him. So, I belonged to the Byrnes camp and not the Department camp, so to speak.

But they didn't even give us a lawyer! We were a small delegation, and we needed at least one lawyer. Mr. Dunn fussed with the Department for some period of time, and they finally grudgingly agreed to allow one deputy legal adviser, William Bishop, who in more recent years had been professor of International law at the University of Michigan at Ann Arbor and for many years was editor of the American Journal of International Law.

They agreed to let him come over for three weeks. These three weeks had no relation to anything we were doing; it was just the quota that they were willing to give. I remember saying to Mr. Dunn, "Well, that's not adequate. Let's argue with them."

And he said, "Don't argue with them; get him over

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here and then we'll just keep him," which is what we did. The poor fellow came over for only three weeks, and he was just kept there. Mr. Dunn said, "You stay."

As another example, Covey Oliver is a professor at the University of Pennsylvania Law School, more recently has been Assistant Secretary for Latin-American Affairs, and was a representative on the World Bank at one point. We recruited during the war and we hired a lot of Spanish-speaking lawyers down in Texas to deal with our problems in Latin American and Spain, on the economic warfare problems. Covey had worked for me, but he was over in Germany tidying up something about reparations. I managed to get him to stop on his way to Washington to talk with us about what he had been doing and just give us his advice on one or two things. Mr. Dunn said to me, "Would he be helpful here?"

I said, "Well, he would be a godsend, but we haven't got any claim to him."

And he said, "That's all right." He sent a telegram back to the Department saying, "I have instructed Oliver to stay here." And so we literally kidnapped these two people.

When I received Mr. Dunn's instructions, drawing on the work which we had done in the brief period in

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August of 1945 when we looked at the treaties and what additional technical work that had been done in November and December, we sat down in the American delegation. With that in our background and with the additional thought that had been incorporated in this basic paper for the Italian treaty that had been done on the Queen Elizabeth, we hammered out complete texts of the economic clauses of the Italian treaty, and, with relatively little adaptation, just incorporated them in the Romanian treaty, the Bulgarian treaty and the Hungarian treaty. We were having meetings during the daytime, so most of this work was done at night. We sat there in a rather dimly lit room, #5 Bourbon Square, and we hammered out, argued over, the details of what should go into these treaties. That was joined to the work which other people in the American delegation did, and we tackled it. It was just before Easter or something like that. I was so tired; I was absolutely beaten. I remember Good Friday night, walking away from the office, and I was so tired that I couldn't walk anymore. I sat down on the curb. I was with some of my colleagues and I said, "I just can't do it; I can't go on."

But we hammered out complete drafts, so that there was a complete American draft of each of the treaties

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when the ministers met in Paris. I think that after we got to Paris the Soviets put in a complete draft, too. That's my recollection. The British and French didn't. For the French, this caught them, in the Eastern season in continental Europe, Europeans don't work. And the British had the additional disadvantage of being at their home territory and had other jobs to do. I don't think either of them every put in complete drafts, so basically there were American drafts, and maybe later Soviet drafts. We put them out so we would have something to set on the table, an overall view of how the United States looked at the problem. On the boundaries, like Venezia Giulia, they must have left gaps, but they at least provided a complete structure on which to base a discussion. It gave some context to the negotiations, which had just been drifting along without any direction at all.

MCKINZIE: The subject of the treaty with Germany had been specifically excluded from all this, is that correct?

REINSTEIN: It had been deferred. Byrnes' concept was that you began with Italy, the Balkans, Finland, these being sort of the periphery. We then proceeded towards the center, being Germany and Japan, but then there was an intermediate area, which was Austria.

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The negotiation of an Austrian treaty was not a treaty of peace, because we weren't at war with Austria. What became known as the Austrian state treaty was opened up by the United States in Paris in about June of '46, and again we put forward a complete draft of an Austrian treaty, which was made by Jimmy Riddleberger, myself and Ben Cohen. We did the first draft, and it was tabled as an official American proposal. After the Italian treaties and the Balkan treaties were finished, it was agreed in New York, in December of 1946, to go forward with work on an

Austrian treaty and to begin work on a German treaty. Deputies were appointed for that purpose to meet in London in the beginning of '47.

MCKINZIE: So, you clearly understood in early 1946 that the first treaties were to be made with these fringe countries.

REINSTEIN: That's right, I think the Potsdam Agreement provides that. I haven't got the Potsdam Agreement here in hand, but my recollection of that from the Potsdam Agreement is that the first task of the Council of Foreign Ministers was to draw up treaties with Italy, the Balkan satellites, as they were called, and Finland. The Council would be used thereafter for the

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elaboration of treaties with Austria and Germany. I think that's the language of the Potsdam Agreement.

I think that that sort of concludes the London deputy stage of the ministers' meeting. Then we got into the treaty stage of the treaty negotiations, and then we moved to Paris. This was quite a different kind of discussion.

Mr. Molotov came, accompanied by Mr. [A.Y.] Vyshinsky, who was first deputy commissar of foreign affairs, and also a second deputy commissar of foreign affairs, [V.C.] Denanov. Generally, the people from upper levels came to that meeting, and an effort was made to come to grips with the problems involved.

I'm not sure that I have a very clear recollection of exactly how those negotiations proceeded. What happened was there was one meeting of the ministers which lasted about three weeks. It didn't particularly get anywhere. We didn't really break the impasse, to allow us to go on. The meeting was suspended and the ministers all went home, and then they came back a second time after an interval of some weeks. We had a second meeting which finally resulted in the decision to hold a peace conference. Initially it had been contemplated that there would be agreed four-power drafts, which would be put up for the other

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participants in the conference to comment on.

As the discussion proceeded it became clear that it would be very difficult to get any agreement of the four-power draft. During the course of these negotiations, which went from sometime in April until early July, there was sorting out of main issues in an effort to reach agreement on enough so that at least certain major points would be settled among the big powers, the remaining matters being left in dispute and the peace conference being held.

The original concept was that the peace conference was to be held in May, the treaties to be done the first of May. The peace conference was to be held, I suppose, a month after that; I've

forgotten exactly when. It was all to be wrapped up in the summer, the first meeting of the General Assembly was to be held in September in New York, in Flushing Meadows.

Well, the time table got all jammed up because we didn't have any draft treaties by the first of May and we couldn't reach agreement on the summoning of the peace conference. We finally managed to make enough of a breakthrough, around the 4th of July, to convene the peace conference at the end of July, the 28th or 29th. There was precious little notice to the other countries, but they had been sitting by, waiting, for

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some time.

And then the peace conference dragged on much longer than was anticipated. As a result, it was necessary to ask the Secretary General of the United Nations to defer the first meetings of the General Assembly. This was, in a sense, a minor scandal, for the great powers to be in such disarray and disagreement that they couldn't hold the first meeting of the General Assembly. Finally (I'll have to go into this in more detail later), they just decided to close up the peace conference in order to avoid a second postponing of the General Assembly, which, politically, was almost impossible. So, they closed off the peace conference at the end without, again, really having all its work done.

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Third Oral History Interview with Jacques Reinstein, May 30, 1973 in Washington, D.C. by Richard McKinzie, University of Missouri-Kansas City

REINSTEIN: I think I did explain that one of our basic difficulties was that the State Department had been operating on the theory that there would not be treaties of peace for some period of time after the conclusion of hostilities. They thought that one of the mistakes that had been made after World War I was to rush into the peace treaty making process right away, when passions were high and people were under terrible political pressures at home. This was in part affected by our own experience and in part affected by the British experience (although I must say that it wasn't until last Christmas that my wife went and got a first edition of Keynes' Economic Consequences of the Peace, and I read the book. Nevertheless, we were, I think, all familiar with Keynes thesis)

We were affected by the experience of the pressures that were brought to bear on Wilson to make decisions that we thought, in retrospect, were wrong. As a matter of fact, some people thought they were wrong at the time, like the south Tirol, for example, and some aspects of the Venezia Giulia settlement.

MCKINZIE: Do you include in that the business of

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reparations?

REINSTEIN: I include to a very important extent the reparation issue. People adjusted to the territorial settlements, maybe not very well--particularly, things like Danzig came back to haunt us, along with the Polish corridor. But most of the territorial settlements settled down. The reparations stayed as an issue, and one thing that we didn't want to do was to repeat the errors of the reparation problem, which we had all lived with and experienced. We felt that this was a part of the reason for the world economic depression and a contributing cause of the rise of Hitler, so we wanted to avoid these mistakes.

This led to the general outlook that you ought to work out your settlement on a much more deliberate and slower basis.

So, a good deal of work had been done on some of the basic issues, issues which in many cases turned out to be irrelevant. For instance, a great deal of work was done in the State Department on the reorganization of Central Europe--whether you should have a Danube Federation or something like that--which simply didn't foresee the intrusion of Soviet power into the center of Europe. On reparations, there was an awful lot that

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hadn't been done, because the work that was done was largely main-problem oriented. We certainly had no idea that we would get into writing peace treaties right away.

Well, suddenly, we found Mr. Byrnes as Secretary of State, and Mr. Byrnes and his advisor, Ben Cohen, had a wholly different approach. This approach was suddenly launched without any preliminary notice to the State Department, as far as I'm aware, at the Potsdam Conference, when Mr. Byrnes was just in the process of succeeding Stettinius as Secretary of State. The results of the Potsdam Conference came across the wires to the State Department and we were absolutely horrified by them.

MCKINZIE: Was this on German provisions?

REINSTEIN: Yes, it was first on the German provisions. We felt that the German settlement, and perhaps other things along with it, had the effect of splitting Europe right down the middle. As a matter of fact, we made this very clear in internal communications to the point that we received a telegram attempting to set us straight from Mr. Clayton (it was actually written by Pete Collado) in London.

After the Potsdam Conference was over, Mr. Clayton

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took a tour around Europe to have a look at the economic situation. He took Collado with him and they kept reading these telegrams with these rather raspy comments.

So, Pete sat down and wrote a telegram which, I think probably is a really important document, an interpretation of Potsdam as seen by the negotiators. This would have been sometime in late August of 1945.

Well, the other thing that was a shock to us was the idea of launching immediately into peace negotiations, because we had really done no preparations for actual negotiation of a peace treaty. The Potsdam Conference called for and set up the Council of Foreign Ministers to prepare the peace treaties, which was to convene in about a month's time. Potsdam was the first three days of August, as I recall, and the Conference was set for the beginning days of September, a month later. We were wholly unprepared for it.

Well, on the economic side, the theory, as far as I can understand it, that Byrnes and Cohen had may have been a good theory, but the timing was most unfortunate, as we saw it immediately. The theory was that the way to make the peace was to start with the outer fringes and take the less important countries,

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the Balkan countries, Finland, and Italy, and then to work toward the center. By the following year Mr. Byrnes had discovered that this was not a tenable theory.

We were launched into a negotiation for which we really made no preparation in detail, although we had talked about German reparations. Really, there hadn't been any particular attention to the outer fringes. Alexander Kirk was our principal political man and, I guess, by that time Ambassador in Italy. We had been pushed into having Embassies because the Russians decided to set up an Embassy; we really hadn't intended to do that, but we had to follow suit. Kirk was urging on us that we defer making a treaty with the Italians for a very considerable period of time, for years.

Well, we hastily began some work on the peace treaties in the months of August, beginning with dragging out the 1919 treaties to see what was included in them. They included a variety of very technical provisions--the restoration of property rights, the status of patents, all sorts of things that are interrupted by the war--that no technical work had been done on at all. We had a very brief first slice at the problem and got up some kind of a paper.

I was then Acting Chief of the Financial Division

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of the State Department. The Chief was George Luthringer, and he was off with our delegation to the German Reparation Commission, which was carrying on a rather fruitless negotiation with the Russians.

Well, I was given the job of chairing this committee, and then later I was told that I would go with Mr. Byrnes to London as his economic adviser. So, Luthringer was recalled from wherever the German Reparations Commission was--I think it was in Berlin at that point--to take charge of the division, and I was sent off to London with Mr. Byrnes.

Well, at the outset of the negotiations in London, they didn't just talk about the treaties, they talked about a variety of other matters. In a sense, it was a continuation of the previous summit meetings at the foreign ministers level. One of the issues they discussed, and in which an important agreement was produced, was withdrawal of the Soviet forces from Iran.

These were discussions on a number of other political subjects. There was a brief discussion of Germany which was pushed by the French, because the French had not been present at Potsdam, and they had accepted their participation in the occupation without accepting the Potsdam Agreement.

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So, the French were in a happy position of being in possession of a piece of territory there, which, incidentally, was lopped off of the British and American zones, because the Russians refused to alter the zones to make room for them. They said that if the Americans and the British wanted to have the French in, we could do so, they wouldn't object, but that we'd have to lop the French zone off of our zone, which is one reason why the French zone was such a peculiar piece of territory. And I guess we have them a far piece of our sectors in Berlin, also, so that the Soviet zone and the Soviet sector in Berlin were always larger than warranted by a genuine division among four.

Stalin was very contemptuous of the French; I think his remarks on the subject of the French have been widely publicized. We kept them secret for some time, but after we got into major difficulties with the Soviets and we were trying to drag the French over onto our side, we finally let them know what the Russians thought about them. I think they would probably have gone the way they want, anyhow. Stalin's attitude, I think, did have its effect in determining the kind of arrangements we had.

The French raising the subject of Germany at London, because they said that since they had not been

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at the Potsdam Agreement (a point that they mentioned every time Potsdam came up in the next ten or twelve years), they wanted to have a discussion of German policy as a preliminary to

figuring out how they would behave in Germany. The Soviets refused because the subject was not on the agenda. Mr. Molotov said that we could discuss it through diplomatic channels, but we couldn't discuss it there. Mr. Byrnes found this a little difficult. He said, "Well, if we talk through diplomatic channels, we'd just be talking among those of us who are here. Why can't we just talk about it across the table?" Mr. Molotov wouldn't have any of that.

There were difficulties that were arising at the time, serious difficulties, in the Allied Control Council in Germany. These difficulties were appearing in the telegrams that we were receiving. Some of the difficulties arose from the unwillingness of the French to cooperate; they were extremely uncooperative in many ways.

Difficulties were also beginning to arise with the Soviets over the reparations settlement and over the working of the Allied Control Council. They had a whole different concept than we did, a concept that eventually resulted in the two German governments. One

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can see the beginning of that as early as 1945. Mr. Molotov refused to have a discussion on

Germany, and the subject was remitted to discussion through diplomatic channels. The French did not at that point disclose their ideas, which involved the dismemberment of Germany, but they did put them forward to us through diplomatic channels later in the year.

There were other matters that came up. One of those matters was the Soviet desire to have a presence in the Mediterranean through a trusteeship in Libya. I believe that came up in London, although my recollection on that point is not entirely clear.

Then they got at the peace treaties, and they did make some decision with regard to Italy. They confirmed the frontier in the north between Italy and Austria, and I guess they probably decided that there would have to be major rectifications in Venezia Giulia. There were other topics which arose; I suppose that the Russians put forward their reparation demands, although I don't remember their being discussed.

Generally, there were some guidelines laid out on the political front, and perhaps there would have been more except at a certain point Mr. Molotov suddenly took the position that the whole discussion was illegal. The Chinese had no business there at all, he

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said, and the French had no business participating in discussion of the Balkans; they had not been at war with the Balkan countries.

The basic rules in the Potsdam Agreement were that in discussion of each peace treaty, the council would consist of those members who had been at war with a particular country. For example, the United States was not a participant, technically, with regard to Finland, because although we had broken relations with the Finns, we had not gone to war with them. The French had not been at war with the Balkan countries and, therefore, were technically ineligible to participate. The Chinese had not been at war with any of these people, so they were not entitled to participate.

In point of fact, the Chinese participation at the council meeting was rather restrained and consisted, as I recall, largely of an effort to be helpful when there were difficulties and try to find compromises; but it was very restrained, indeed. The French participation was much more vigorous. Mr. [Georges] Bidault was not, and still is not, I guess, exactly a shrinking violet.

What caused this is completely unclear to me; I never heard any discussion by any of those people who were involved or who have looked at the problem as to why the Soviets suddenly did this. The difficulty

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arose on a technical point, initially. It had been the practice each day, prepared by the secretariat, headed by a very able Britisher. One day the Soviets decided they couldn't approve the summary records because they were inaccurate. They indicated that the Chinese and the French were present in discussion which didn't involve them, and they then wanted to go back and invalidate all the previous records.

There are two possible explanations of this. One is that they didn't like the general way in which the discussions were going and decided to bring them to a stop, and the other is that there was some previous decision which was recorded in the summary record as an agreement that they wanted to get rid of. The only one of any significance that I can think of that they might have wanted to get rid of was the agreement to withdraw forces from Iran. I don't think that there was any other major decision of significance from which they would have pulled back. I don't remember exactly what was decided about Venezia Giulia; I feel pretty sure that the form of the decision was probably not prejudicial to the case, although it may be that it had a form of words in it which was more favorable to the Italians because it recognized the right of the Italians to live in places in which they lived.

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This was a point which considerably later came up for discussion. Of course, the Italians were chased, and rather brutally, out of some areas. Maybe Tito put some heat on the Soviets.

MCKINZIE: I have Charles Bohlen's new book and he, I think, said something about that. It's called Witness to History.

REINSTEIN: Well, Bohlen, of course, was an important participant in this meeting and would probably have a better view than anyone else about this. He used to sit next to Byrnes, being his official interpreter. We had consecutive translation in those days, which meant that you spoke in one language, then you got the second language, and then you got the third language. He used to translate from Russian to English in Mr. Byrnes' ear. He did this later at other meetings for other Secretaries of State. This gave the Secretary a considerable advantage. We sat immediately next to the Soviets and were the people who had to speak after them, and this gave the Secretary a certain amount of time to reflect on what he was going to say. And in addition to being interpreter, Bohlen was an extraordinarily keen student and analyst of Soviet thought. I know that in the delegation he used to sit

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with us very frequently and say to us, "Now, you must understand how the Soviets look at this." He would try to give us an interpretation as to how the things that we were discussing looked to the Soviets, which was almost like looking in a mirror in a crazy house in a way, because it was so different from our own approach. He was an extraordinarily able interpreter and had an extraordinary ability to put himself in the shoes of the Soviets and to put in language understandable to us, as westerners and Americans, what they were saying. It often took the form of clichés that were not only meaningless, but irritating. So, his analysis of this would be very interesting, I think, and I can't think of anyone else who was in a better position to comment on that subject.

At any rate, we had a discussion that went on for some days in an effort to find some formula, some compromise, that would enable us to continue discussions. The Soviets were absolutely adamant; they wanted the whole record erased and to pretend the conference had never taken place. And we finally adjourned.

The think was patched up later. What happened was that, immediately, Mr. Byrnes went home, taking most of his principal advisers, but he left a token delegation

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behind as an evidence of American good faith. Mr. James Clement Dunn, who was his deputy, and several others of us, including myself, remained in London to be ready to resume negotiations, if the Soviets wished to resume, at a deputy's level. We stayed there for a few weeks, at any rate. (I came back beforehand, because my wife was about to have a child and I raced the stork back in the leisurely fashion in a DC-4. It took four days to cross the Atlantic. I managed to beat the stork, nevertheless.)

And I was also working on something else; I was working on the beginnings of the Paris Reparation Agreement, which was the agreement for the division of reparations from those countries entitled to reparation from the Western zones of Germany and certain German foreign

assets. I was counting on discussion with Jacques Relaf of France, a quite distinguished economist, who later became notorious for his advice to General de Gaulle to return to the automatic gold standard, a piece of idiocy that the like of which has hardly been found in recent years. But at any rate, that didn't affect his outlook on what we were talking about, in a rather sedated way, along with the British treasury. We laid out the agenda for the Paris Reparations Agreement and we drew up the first statute,

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or a draft of the statute, for the International Reparations Agency, which was later set up in Brussels to administer the agreement.

MCKINZIE: Where did the position paper come from on that subject? Would that come out of your office, or was it something that had evolved in the course of the discussions?

REINSTEIN: There must have been a rather quick development of the position, because there were three different things, one of which was the gold pool.

The gold pool was something on which we had worked in '43, '44, and '45. As a matter of fact, it came out of the subcommittee on restitution of the Planning Committee on Reparations set up in the State Department and was part of this postwar planning exercise. I was the chairman of that particular committee. The idea of creating the gold pool was put forward in our report from something like 1943 and was vigorously debated within the United States Government for some period of time. It was finally adopted as a policy. It was a very sensible solution, although it was howled down by both the economists and the lawyers when it was first put forward. The idea was that (this was two years before we found any gold in Germany), in all

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probability, we would find less gold than the Germans had stolen. Some of the gold would have bar marks and could be identified as to the country of origin, and others probably wouldn't have or would have been melted down.

So, we took what I think was a very sensible decision, which was to take whatever gold we found and distribute it pro rata among the people from whom the gold had been stolen. This was a perfectly normal practice with regard to what lawyers call fungible goods. We eventually got it accepted and it got carried out, except for a couple of odds and ends that have never been settled for reasons which are highly irrelevant to important international matters.

The reparations part of all of this stems from the peculiar form of the Potsdam Agreement. We did have the idea that reparations should be accomplished for the most part by taking plants from Germany and giving them to those countries that had been devastated by the war, in an effort to try and rebuild them. This idea was in the policy inventory for some period of time and was accepted American policy.

MCKINZIE: I've read, I think in Bohlen's book, that everyone was concerned that reparations should be

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handled in such a way that the United States would not find itself in the process of paying reparations through its aid to the countries involved.

REINSTEIN: That's right. The idea was, and you find it repeatedly in American policy papers, that reparations should be done quickly, finished quickly and not dragged out the way it was after World War I, with long financial payments and the inevitable pressures to sort of buildup Germany as a cow to be milked by other people. This was certainly the way the Americans looked on the role that they had played. They had been feeding the cow and the cow was being milked by other people, and then the war debts that they were supposed to pay, they didn't pay. We felt that we got the dirty end of the stick. For a variety of reasons, both economic and political, the general concept was to do this quickly and get it over with once and for all.

I imagine that probably, and I don't recall this, the idea of taking the German foreign assets also came into the policy inventory at an earlier stage. We had been very conscious during the war of the use of the big German firms, and even smaller Germans, as agents in the conduct of the war. There was a policy of trying to eradicate German influence by destroying the

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German foreign assets.

In the Allied countries they would be taken and would be accounted for, I think, as part of the reparations share, the general assumption being that they would be taken. Then the assets in the neutral countries were allocated to the countries entitled to receive reparations from the Western zones by the Potsdam Agreement.

What the Potsdam Agreement did, basically, was to make a division between the sources of reparation. It confirmed the policy of confining reparations; at least we thought it did. Later the Soviets raised an issue about this and wanted to have more reparations, and this became a major bone of contention between us. I guess that they found that they didn't get as much out of what they took from Germany as they expected or didn't find it usable. They also removed a lot of material in an extremely inefficient way. They dragged equipment out of the plants in a rather brutal way and damaged machinery. They loaded it into freight cars which were not adequately protected so it rusted and a lot of the material they couldn't use terribly well. They were rather disappointed in what they got. So earlier, for that or other reasons, they wanted to have a larger reparation payment by Germany, in which also

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they would be able to draw, to a greater extent than provided by the Potsdam Agreement, on the Western zones. I'm not clear and I'd have to look at Potsdam to see what it said. It may well be that the Potsdam Agreement is ambiguous on this respect.

My recollection is that our interpretation was that this was it; this was the allocation of reparation and there wasn't going to be any more. Our estimate of the economic situation in Germany certainly didn't encourage us to feel that Germans were capable of taking anymore. At that particular time we were already pouring large amounts of supplies into Germany just to keep the population alive in the Western zones, so that there was nothing in the situation which particularly led us to view favorably any additional reparations.

The Level of Industry Agreement, which was reached in February of '46, was designed to put a ceiling on the taking of plants for reparation purposes. I don't know that it was inherent in the agreement, in our thinking, that that would be a fixed level beyond which the Germans would not be able to advance. I don't know whether we thought about it to that extent. Certainly, by the time of Mr. Byrnes' Stuttgart speech later in the year, there had been at least an articulation of

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the policy and a recognition that a healthy Europe required that the Germans be allowed to develop their economy. Certainly, Mr. Byrnes' Stuttgart speech rejected any concept that the Germans had a ceiling put on them.

No, it is quite true that there was a strain of thinking in the United States Government, notably in the Treasury Department, which wanted to cut the Germans back industrially very hard and turn them into an agrarian country. This was basically a ridiculous idea, conceived of by people who have no concept of what the European economy was like or what the German economy was like. Germany, in a sense, was the "machine shop" of Europe. But that, which became known as the Morgenthau plan, was rejected by the U.S. Government; it was never accepted. I suppose it can be said with a reasonable degree of accuracy that Mr. Morgenthau was dismissed by Mr. Truman. He left soon after Mr. Truman took office.

MCKINZIE: I think technically, he resigned. He was always threatening to resign, so that when he did one time Truman accepted it.

REINSTEIN: Truman accepted it, that's right. And certainly, I don't think Mr. Byrnes

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sympathized with Mr. Morgenthau, and I think Mr. Truman, at that stage, placed reliance on Mr. Byrnes, not Mr. Morgenthau.

I think that basically the two concepts--taking the plant and moving it to Allied countries to help in their rehabilitation, trying to speed up their economic reconstruction, and then mobilizing

what you could from the German assets, both as a source of money and as a means of eliminating what had been regarded as an unhealthy German interest--were our concept as to what reparations should be. All that Potsdam did was to make an allocation. I think that we had originally envisaged that the plant would be taken from Germany as a whole, and what shocked us in the State Department in the Potsdam Agreement was the division between the West and the East.

This, on the basis of our experiences with the Soviets in Romania and Hungary, led us to believe that they would operate high, wide and handsome, without regard to any common rules. We had had extremely unpleasant experiences with them already, which had caused very severe strain, about the handling of the occupation of the Balkan countries. So, those of us who were down the line and were concerned with carrying out these things interpreted the Potsdam Agreement as

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kind of an open-ended invitation to the Soviets to take anything out of Germany that they wanted, particularly since there was no level of industry agreement. We didn't get a level of industry agreement until a good many months later, and the Soviets were obviously helping themselves high, wide and handsome. And they had various headings under which they took things. They not only took things as reparations, but they took them as "war booty," and they took them as what they called "trophies," and they took them as "restitution." If it wasn't convenient for it to put them under one heading, they'd put it under another. They took what they wanted, and they also gave license to their soldiers to engage in looting on a considerable scale. It is hard to keep soldiers under control, but I don't really have the feeling that they made much of an effort to keep theirs under control.

At any rate, what Potsdam did was to say, "All right, let's divide up." The Soviets were to take their stuff out of the Eastern zone and satisfy the Polish reparation claims, and then they were to get some share out of the Western zone. The British, French and ourselves were to satisfy all other claims from the plant equipment taken from the Western zones plus the assets from the neutral countries. And this

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put us in the rather interesting position that we had to satisfy the claims of some of the Soviet satellites. The Czechs really didn't become a complete satellite until a later stage, but were somewhat under wraps. They had lost an amount of freedom. The Yugoslavs and the Albanians were all people that we had to satisfy.

As to the subject of what instructions I had, the basic policy lines were fairly well laid out. What I did was work on the preparations for the actual negotiation of an agreement in Paris, the plans for the conference. This involved really organizational matters and a rather technical job of trying to draft a statute for an international agency which could be considered by the Paris Conference.

Now, the Paris Conference was extremely well-prepared. The State Department did an excellent, thorough job in the staffing of that delegation, which was led by Jim Angel of Columbia University; in preparing detailed papers for it; and also in providing detailed instructions and guidance during the course of the negotiation. It was an excellent, well-prepared, smooth conference. I came back to Washington just before the delegation left to go to Paris. As a matter of fact, on the night I returned and the day before my youngest child was born, Jim Angel drove around. We

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sat in a car outside of the house and I filled him in on what I had been doing in London and on what I had gotten, in the way of subtle indications, of the attitude of the British and the French.

As I recall, we also did a first crack at trying to work out the elements of the gold pool agreement. It was a separate agreement because it wasn't really reparation, it was restoration of stolen property, what we called, technically, "restitution." There again we had had established government policy that was first fought through the State Department, coming up from the subcommittee on restitution of the Committee on Reparation, a planning committee. It included the postwar planners, people in the operating division like myself (I was in Foreign Funds Control Division at that time), and people who engaged in sending telegrams or engaged in carrying on the work in the connection with the occupation and reparation on a daily basis. It then was moved to an interdepartmental basis and was again the subject of prolonged and bitter debates, because there were some people who felt that we should try and get our hands on the gold and that the demands on United States for assistance were such that we should try and direct the use of this gold for the economic rehabilitation of the liberated countries, in

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accordance with their needs.

In other words, it should be regarded as a common pool for economic reconstruction to be passed out on the basis of need. This is one of the reasons why there was an objection to the concept that I originally put forward of just parceling it out in relation to the losses, because a big hunk of it was Belgium. Many of the other countries managed to get their gold out and have it held separately. As a matter of fact, the French moved part of their gold down to Dakar. They moved part of it to Martinique and they had part of it in the Federal Reserve in New York, so that the French were largely exempt from these arrangements. The Belgians were losers, because they turned their gold over to the French and the French had taken it to Dakar, but under German pressure it had been brought back. Countries had suffered unequally, and so there was an argument, and it had a certain degree of legitimacy; that there were limited assets to finance reconstruction, which would be done by UNRRA and the IBRD. These costs were going to be great, and this gold should be used as a common pool; you could just forget that the Germans stole it. We argued all of this out and we eventually came to a settled American Government position.

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Eventually what happened was the Americans captured the gold; it was down in a salt mine. An American patrol somewhere in Southern Germany was making its way along the road and they encountered two German women. They were midwives and they were returning from having delivered a baby. Somehow they got into a discussion and the midwives indicated to the soldiers that there was a salt mine in the neighborhood in which the German authorities had put a number of valuable things. So, the soldiers went back and reported to their front line, and the Americans went and sought out the salt mine. They found that the Germans had put all their gold reserves there, along with a number of artistic treasures which were being kept under very carefully controlled climatic conditions.

Anyhow, this was in the American zone, so that we were the people who technically had found ourselves in custody of the gold. At that point we had a policy; what we had to do was to get an agreement to it. This was one of the objects of the negotiation in the Paris Conference in the fall of 1945.

In a slightly earlier stage, sometime in August, Mr. [Edwin W.] Pauley, the head of our delegation in the reparative agency, took an interest in this and he

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sent a telegram off. I remember it very well, because of Charles E. Kindleberger, who is an extremely well-known professor of economics at MIT and who worked in the State Department for some period of time, performed yeoman's service working on Germany and Austria. We worked in Japan and Korea too, and he was also one of the people who contributed a lot of thought to the substance of the Marshall plan.

Anyhow, Charlie Kindleberger had just reported into our division. He had been with the OSS and he was still in his major's uniform. I was the acting chief of the financial division, and I remember Charlie walking in. He had a little cubbyhole next to me with a little typewriter; he would type out his own stuff. Charlie walked in to me and he said, "How in the world do you answer a telegram addressed to a number of people like this?" Here was a telegram from Pauley addressed to the President of the United States, the Secretary of State, the Secretary of the Treasury, the Administrator of Foreign Economics Administration and maybe one or two other people, suggesting that the United States would latch onto this gold and parcel it out, as we saw fit, in the best interest of the European countries. So, I said to Charlie, "Well, we've got a clear

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policy on this that's been agreed to by everybody. The thing to do is to just write out a telegram and tell him, 'No, it's not our policy,' and tell him what our policy is. You just take it, and you'll

have to clear it with each of the offices. I don't know exactly how we clear it with the White House, but we'll worry about that when we've got the clearances from all the agencies."

Well, Charlie went to work on this, but no more than two days had elapsed when another telegram crossed our desks. This telegram was addressed to Mr. Pauley and it read as follows:

I have your telegram about the gold. I understand that the Secretary of State doesn't agree with you. I agree with the Secretary of State. What's more, in the future, would you please address your telegrams to the Secretary of State and not to me. Signed, Harry S. Truman.

I must say that that endeared Mr. Truman to me; he just cut through all of this. How he found out what the policy was, I don't know. Maybe he just picked up the telephone and asked Byrnes and Byrnes told him. But anyhow he took direct action, and it was a correct action from a policy viewpoint and a correct action from an administrative viewpoint. Pauley had no right to send silly telegrams like that.

Well, while we were accomplishing nothing in the

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negotiations with the Soviets, we were making preparations for these other matters, and I did occupy myself with that before I came back to Washington. Then I guess that I got involved in the Paris Conference to some extent, but I did some work on the peace treaties, trying to get ready for the further stage of the negotiation, whenever it would take place.

Now, not knowing why the Soviets had behaved as they did, we had no way of knowing when and if the negotiations would resume. We had extended an open invitation to them to carry on the negotiations. There must have been some internal discussions in which I participated. I was aware of the fact that Mr. Byrnes decided that he would take a hand personally in trying to solve this problem, and in December he went to Moscow.

Before that, just to sort of put this into chronological order, there had been the diplomatic discussions with the French over the future of Germany. They had sent a delegation which was headed by Couve de Murville, who was at that point director of political affairs of the Quai d'Orsay and also the deputy to Bidault for the peace treaty negotiations. The four deputies were Dunn for the Americans; Gladwyn Jebb, now Lord Gladwyn for the British; Couve de Murville for the

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French; and the Soviet Ambassador in London, whose name for the moment escapes me.

The French delegation talked to the Soviets, to the British and they talked to us. They came to Washington, as I recall, in early December, and we had meetings with them. Our team was led by James Clement Dunn, who was Couve's opposite number in these negotiations. He was backed up by Jimmy Riddleberger, who at that point, I guess, was still chief of the Central European Division of the State Department--he hadn't gone to Germany yet; myself; and Charlie Kindleberger.

I was at that point exclusively a peace treaty man, so I was really Dunn's man, in a way. In other words, Kindleberger was for the economic side of the State Department and Riddleberger was the political side of the State Department.

They were the two fellows who headed up the German work. Then I was one of Dunn's peace treaty men, and I was really the only fellow around who was definitely identified as being the peace treaty type. At that point I was in the process of being made a permanent member of the American delegation to the Council of Foreign Ministers. So, at any rate, the French laid out for us a set

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of proposals. On reflection, I think perhaps they were only advanced orally. Therefore, the record of them would exist only in the memoranda of conversation in the State Department. What the French proposed was in some ways not dissimilar from the Morgenthau plan. Again, without refreshing my recollection on matters that are long past, they proposed the creation of a Rhinish state on the west bank of the Rhine, and, as I recall, they wanted a special regime in the Ruhr.

This, incidentally, is not terribly different from the proposals which they advanced after World War I. It's not surprising that they put them forward, although they perhaps thought that they might get a more sympathetic reaction from the Americans because of the Morgenthau plan, the details of which had been made public. Then they vaguely suggested that the rest of Germany should be divided into several states, maybe two or three. They really didn't attach any importance to the number, just that there should be more than one state, maybe a north German state and a south German state or something. They were rather vague on that point.

Our own reaction to this was to point out that separation of the Rhineland and the Ruhr from the rest of Germany would make the balance of Germany

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economically inviable. I don't remember whether we argued the politics of the subject with them; I suppose we did.

Certainly, we were engaged in an internal debate on the Morgenthau plan and had concluded that it would be wrong, I think both politically and economically, to dismember Germany. Although

they had had only a brief national existence as a unity, the concept of Germany had been in existence for a long time. I think there was rather substantial doubt in our minds that this process of the development of a national consciousness could in fact be reversed. If it were imposed from without, it would be a risk that this would then become a rallying point for opposition to anything that we wanted to do.

MCKINZIE: In that internal debate, was there much discussion of Germany's economical importance to Europe? Some people, as I recall, thought that perhaps England could take the economic place that Germany had held before the war.

REINSTEIN: I don't think there was any thought that the British were capable of doing that. The British were capable of doing that. The British were looked at as really an extra-continental power with ties to the

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overseas. While their trade ties were very important, I don't think there ever was any thought that Britain, or any other country, for that matter, could perform the role in Central Europe that Germany did. I think that the whole thrust of our policy was to try to see how this country, which had developed as a national unit extremely late and then embarked on an extremely bitter form of nationalism which had pointed us into two world wars, could be made a cooperative member of the international community of nations. I don't think that we had great clarity as to the ultimate form in which this should be done, certainly not in '44 and '45. Of course, we were still fighting for our existence and the outcome of the war hung in the balance until rather late. We were initially concerned really with establishing controls and particularly eradicating the Nazi influence. Eventually, we hoped to leave the way open for the development of some kind of democratic government within boundaries which would have been trimmed a little bit. We certainly had, I think, no idea of trimming off as much of the east as was taken. In the west, Alsace-Lorraine obviously had to go back to the French. The Saar had been the subject of a special arrangement in the first war, and we recognized the French need for coal and the need for

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some special assurances there. I think that we did feel that the Ruhr probably required special control of one kind or another.

There's an interesting piece of history one might recall in this connection, and that is about the allocation of the zones of occupation. Originally, the Americans had wanted what became the British zone. This was both a War Department and State Department position, but I rather imagine that the motives of the two departments were different. The military, I suspect, really wanted to be close to the sea so that they could pull out at any time without having to go through anybody else's territory. The American demobilization after World War I was extremely rapid, and the American military had very little enthusiasm for keeping forces in Europe. I don't think

they had much enthusiasm for running the occupation, either.

The allocation of the zones between the north and the south remained in dispute for a long period of time, until it was finally taken up, I believe, either directly by Roosevelt or between Roosevelt and Churchill. Anyhow, Roosevelt made the decision for us to take that part of Germany which was described as being nothing but scenery, and the Americans didn't particularly care for this particular decision, which

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left the Ruhr in the hands of the British and also the northern ports, except Bremen.

In general, I think that the situation would have differed if Germany had of itself fallen apart, rather naturally, into a northern and southern state or something like that. There was a kind of southern separatism of which I am rather acutely aware, because my ancestors came from Switzerland and from the south and from Alsace. When my grandfather died, my grandmother immediately took Bismarck's picture down and disposed of it.

I think, obviously, that if the Germans had wanted to divide up, we would not have objected, but we had considerable doubt about the desirability of imposing any kind of dismemberment on Germany. That issue had been debated rather thoroughly within the American Government and a firm decision taken that we would not go for dismemberment.

So, we politely rejected the French proposals, and they received no encouragement in any of the other capitals. They did raise the issue again in July of 1946, in Paris at the Foreign Ministers meeting. Mr. Bidault's proposals were then rather brutally stepped on and denounced by Molotov for reasons that I'm sure extended far beyond the foreign policy considerations

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and had to do with internal politics in France.

Well, as I say, this was one of the events that took place in those closing months of 1945, and a rather important one, I think.

MCKINZIE: When the French proposals were rejected, was there any agreement with the French as to the policy to be pursued, or was it simply a matter of rejecting that alternative?

REINSTEIN: These were bilateral, exploratory conversations and issues of policy were really fundamentally to be taken up in the Allied Control Council and eventually in the Council of Foreign Ministers. We had discussions for a couple of days, and I think our discussions were, in general, limited to the French proposals and their merits. I suppose that at the end of those discussions there must have been some discussion of how these questions would be formally resolved, but I frankly don't remember that discussion at all.

This was, as I recall, early December. At Christmas time Mr. Byrnes made a pilgrimage to

Moscow to try and persuade the Soviets to resume their negotiations with us. The composition of the group that went with them is rather interesting. It included

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from the State Department, as far as I remember, only Ben Cohen. There were no career officers of the State Department. He did not take Mr. Dunn. I guess that Bohlen went as interpreter, but Bohlen was a kind of, in a sense, a free floater; he certainly didn't represent the kind of function which Mr. Dunn had as Mr. Byrnes' deputy in the negotiation of the treaties. But he did take with him James Bryant Conant, and one of the objects of his exercise, I think, was to persuade the Soviets to join with us in adopting the Acheson-Lilienthal plan. They did discuss atomic matters, but with no result.

On the peace treaty discussions, he was successful in getting agreement that the work on the treaties could be taken up and resumed, on the basis of the strict interpretation of the Potsdam Agreement, by the deputies. The Chinese would be wholly excluded, and the French would be excluded from the discussion of the Balkan treaties. And in January we resumed our work in London.

When we started off for London I found myself in the rather unenviable position of not having detailed instructions. The State Department was preoccupied with other matters, and I think they tended to regard this making of the peace treaty as a kind of hobby of

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Mr. Byrnes. I can't remember what efforts I made in Washington to get anything done; I must have made some, but I certainly wasn't terribly successful in getting anything much accomplished. So, we found ourselves really, literally, without any really comprehensive instructions, at the beginning of what was presumably a long and serious task of preparing actual drafts.

The idea was that the deputies would prepare drafts of the peace treaties, which would then be put before the foreign ministers. The first of May was the target date for the preparations of completed draft treaties, a rather ambitious schedule.

We didn't begin our discussion until about the middle of January. They didn't get along very well; they bogged down over a whole series of issues. In the political front they started with the Romanian treaty. I can't remember what decisions were made in London. They made some territorial decisions and I think that they probably made the territorial decisions affecting Romania, to return Transylvania to Romania and to recognize the soviet annexation of eastern Rumelia.

I must say that my memory on some of these points is rather vague, but I think probably that that set of arrangements in the east were recognized. I take it that they took place at that time and not earlier, at

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the time of the three-power meetings. I didn't follow that particular subject, although I was present at all of the meetings. I attended every single meeting of the ministers in London in September to October of '45, except those that were purely private and which were confined, as far as I know, to the attempts to resolve the so-called procedural impasse that we had reached. On the Italian treaty, we ran into serious and immediate difficulties on the Venezia Giulia problem. We had proposed sending a commission of inquiry down to examine the situation on the spot. An enormous amount of time was spent examining the terms of reference of that commission, which at one point broke down completely with the result that the deputies didn't meet for ten days.

MCKINZIE: You mean as to whether this commission should be just simply fact-finding or whether it was just to be ...

REINSTEIN: No, it broke down on the touchy issue of where to go, because, in a sense, by deciding where it would go, you were prejudging the outcome of the negotiation. So, we had a long argument with the Soviets to make the terms of reference broad enough to cover the areas in dispute.

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John Campbell, particularly, was originally a Romanian expert and he followed the Balkan treaties. I don't know whether he sat in on the Italian or not; I suspect he did. The fellow who was the principal man on Italy at that time, and unfortunately is dead, was Sam Reber.

MCKINZIE: He was the one who had had the responsibility for trying to sort out where this commission would go?

REINSTEIN: He was one of Mr. Byrnes' principal advisors--his principal adviser on Italy, at any rate. Tommy Thompson was there, too, but he unfortunately is also dead. Phil Moseley was there for a while, and he's dead, so that we had a rather distinguished group of people whose recollections can no longer be tapped, although I suppose Moseley may have written some things.

So, the terms of reference, the determination of where the commission would go in Venezia Giulia, could prejudice the settlement of the boundary dispute. Therefore, our own desire was to have the area surveyed as broad as possible, and we fought quite a guerrilla warfare over the territory.

We then, at some point, threw in a proposal that the commission also go to Fiume. This position had

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already been determined by the foreign ministers in London in 1945, so there was really no

particular reason for the commission to go there. I'm not sure what the American motive was in pushing this. It may have been a counter to some maneuver by the Soviets.

MCKINZIE: I think that someone made a point that the American member of the commission, Phil Moseley, spoke Serbo-Croatian and the Russian delegate didn't.

REINSTEIN: in the Italian treaty we got into great difficulties over reparations. The deputies themselves decided to discuss the issue of reparations and the Soviets advanced the demand for 300 million U.S. dollars in the way of reparations from Italy, to be taken in kind. At that time we were putting large amounts of aid into Italy, so we didn't take at all kindly to this suggestion. Granted, there had been an Italian division, I believe a black skirt division, on the eastern front.

The Soviets used this as an excuse for asking for 300 million dollars in reparation, which was more than anybody else was asking for. We resisted that, and that discussion got nowhere. I was the American member of the economic committee for Italy, and also a member of the economic committee for the Balkans. In the

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economic committee for Italy, the deputies instructed us to draw up a communication to Allied countries asking them what their reparations claims against Italy were, so that we could see what they wanted.

Well, we immediately got into a quarrel with the Soviets over that, because the Soviets didn't want to send it to all of the countries that had been at war with Italy, which was our proposal. Obviously we didn't expect to get any reparations claims from Nicaragua, or if we did, I doubt that we would have taken it very seriously. But a number of the Latin-American countries, after we entered the war, did declare war on the Germans and Italians, as a gesture of solidarity with the United States. This was very useful, because it resulted in throwing out their diplomatic missions and made their intelligence activities somewhat more difficult. We still had plenty of difficulties with the German-Italian firms which were used by them and whose activities we had attempted to control through blacklist procedure.

But the Soviets said they wanted to send this only to countries which had suffered from Fascist aggression. I said, "Well, no, we can't accept that; it prejudices the nature of the claim. How do we know? Panama may have had vessels which were lost as a result

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of submarine warfare. By "aggression," you mean armed attack across land, and we shouldn't put any limitation on this; just let people say what they have to say and then we'll make the judgment as to what we do about it."

Well, they insisted and I reported back. We decided we would teach the Soviets a lesson, and if they wanted to be obstructive, we would sit them out just as long as they wanted to carry out the argument. And much, I must say, to the annoyance of my British-French colleagues who didn't

really care for this, we sat and debated the issue for 27 hours, in I don't know how many sessions; it must have been 12 or 14 sessions.

MCKINZIE: On this decision, did Secretary Byrnes have any say?

REINSTEIN: No, Mr. Dunn was Secretary Bohlen participated in the thing, but I think that it was basically Dunn's suggestion. Dunn was an extraordinarily able diplomat; he could make things happen without ever appearing that he ever took any action at all. Anyhow, he just said, "All right, if they want to play this way, we'll play with them and show them that it doesn't do any good." We had a deadline, and they were going to use up time to prevent us from getting work done by the deadline,

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so we would just show them we didn't give a hang. We didn't know how we would make these treaties. If they wanted to drag the proceedings out, all right; drag the proceedings out. They weren't going to impose their position on us by this kind of obstruction.

So, we debated it for 27 hours and in some 12 or 14 sessions in the Economic Committee and finally reported to the deputies that we had been unable to reach an agreement. The deputies took no action and no invitation ever went out. That was the end of that.

Of course, we did have a peace conference, at which point people were able to put the claims forward. The only people who really put any claims forward were the Greeks. I don't think the Albanians did, because they had been occupied by the Italians before, and they were technically ineligible. The Greeks did make a claim, and the Greek claim was supported strongly by the British. I don't think that there were any other reparation claims made against Italy.

MCKINZIE: What about the Ethiopians?

REINSTEIN: The Ethiopians were present, but they played a very low-key role. Of course, they were getting help from the British and from the Americans, I guess, to some extent. It was probably not in their interest to

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push this; they were better off, I suspect. Also, they had a couple of American advisers to the foreign office, and I rather imagine that they were advised that they were better off to try and get assistance from UNRRA and from relief and not to annoy the American and the British by putting forward reparation claims.

For the Greeks, there was a very real political problem. Incidentally, one of these issues was debated, I think, in an earlier stage, maybe in London. It was what was called Northern Epirus, the Albanian-Greek border. That was a rather sensitive issue which did come up at that particular stage of history. The Greeks had had a political problem and an emotional problem, and they did put forward a claim.

Basically, I don't remember exactly what was put in the Italian treaty. I think they initially put in 300 million dollars for the Soviet and 30 million dollars for the Greeks or something like that. They got something for the Bulgarians, too, in theory; it never got paid. So, that kind of bogged down. We did begin to go through some of the technical problems, questions relating to property rights and interests.

There is an interesting point I think I'd like to make at this stage, and that is that all during this [175]

period the Soviets referred to the British, the French and ourselves as the "Western bloc." I received instructions from Mr. Dunn--there is no record of this in writing anywhere, and, therefore, it is kind of an important point to make--that I was not to collaborate with the British and the French against the Russians. I was to take an American position and not to engage in any ganging up.

Now, as the negotiations proceeded, on the other hand, the very nature of the problems and the obstructionism of the Soviets did result in our adopting certain common positions. After all, we had foreign investment in the enemy countries and the Soviets did not. We had patent rights that needed to be restored and royalties. The British had their barges and the French had their barges on the Danube. There were various problems for countries with an open system, trading countries and investigating countries. We had significant investments, for instance, in Romania. Our investments in Romania were really quite considerable. We had significant investments in the Ploesti oil fields, which we ourselves had bombed, relying on technical advice from the American owners.

MCKINZIE: Was this advice on how to do it?

REINSTEIN: Yes, indeed. And I think that probably we've gotten rid of it--I don't know whether we still have it or not--but IT&T at one time owned the telephone system, as they owned the Spanish telephone system. They originally were largely a cable and foreign telephone company before they became an American conglomerate of hotel keepers and paper shredders. But obviously, those countries which had property interests had problems that they needed to have straightened out, and to some extent we went back to the post-World War I treaties looking for models of how to deal with those matters.

Now, you can say, and quite correctly, that the reparations settlements made after World War I were economic nonsense and disastrous. But the impression that I have is that the work done on the technical provisions of the post-World War I treaties were really of a very high order of competence. We did find that the people who worked on those treaties had done their homework quite well. Of course, they weren't up-to-date, and we had problems of using them, because the Soviets were not parties to those treaties and they wouldn't use any of those treaties as a model. If you said, "Well, this was in the treaty of Versailles,"

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that automatically ruled it out, because they weren't a party.

As a matter of fact, I can remember that they had very odd reasons for objecting to things. One time the Soviets objected to some formula that I had proposed, dealing with some problem. They objected to a work on the grounds that it had meaning in Anglo-Saxon law. I said, "Well, I'm sorry, but every word has meaning in Anglo-Saxon law. We couldn't write anything that didn't have some meaning, we can discuss that and clarify it, but I can't accept this as a valid argument." But this did present us with something of a problem. I think it led us--while relying to some extent on the excellent technical work done in the 1919-1920 treaties--to adapt and to some extent simplify the language. We simply had to try and negotiate them with the Soviets.

There is another respect that was rather interesting, and that is that on the whole the American position tended to be somewhat more lenient than the British and French position. The British and the French had no inhibitions about elaborating, and the Soviets sometimes would throw in some kind of proposal just to be naughty, a debating point. So, you'd have an American position, a British-French position, and

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maybe a Soviet position.

This procedure didn't go very far. At that stage it was confined to certain property problems, basically, and we did get into the subject which was of interest to the Russians, which was restitution of looted property. We debated that at some considerable length. We were not able to make any great progress on other subjects.

MCKINZIE: What about the spirit in which the Soviets undertook all this? Did you have the impression that they were obstructionists and distrustful of what they referred to as a "Western bloc," or was it simply something different from their viewpoint?

REINSTEIN: Well, they were distrustful, and they were also extraordinarily ignorant. The general impression I had was that the Russians really didn't have the remotest idea of how Western society functioned or how Western economy functioned. The man that they first sent to deal with us was a sort of junior Foreign Service officer, and my impression was that he got his instructions from Moscow and he repeated them, and for anything that was said he went back and got fresh instructions. He wasn't valid; he wasn't a useful interpreter. If you explained something to him, there was a little reason to believe that this explanation got anywhere. At a later stage, when we got down to actual negotiations, we sometimes found it was useful, in dealing with the Russians, simply to take our proposals and put them into a different form of words. The Soviet negotiators could go back to Moscow and represent that they had obtained a change in the Western position. The position that we put forward was exactly the same position, but somehow they thought that they had scored a point, and the boys in Moscow didn't know anything more about it than the fellows we were dealing with. Still, that was a much later point.

But they weren't terribly interested, and so in that sense they were obstructionists and they were

terribly ignorant.

I have been fascinated in what I've been able to gather about the Chinese performance in the U.N. The Chinese had been extremely savvy in moving into the U.N. They moved in very slowly; they sit back; they've got years of homework to catch up on. They don't know a lot of the issues; they don't know a lot of the nuances that come up; and they don't stick their necks out on a lot of things. Of course, the situation was different in the sense that in the U.N. you could abstain from voting. This, on the other hand, required

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general consent.

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Fourth Oral History Interview with Jacques Reinstein, June 8, 1973 in Washington, D.C. By Richard D. McKinzie, University of Missouri—Kansas City.

MCKINZIE: In our last interview, you had just finished talking about most of the London discussions.

REINSTEIN: That's right. There had not been great progress in the discussions in London, and it was decided to hold a Foreign Ministers meeting to review the state of the work and see what could be done about the negotiations. I'm not sure whose initiative this was, but I would imagine that it was probably Mr. Byrnes'. I suppose it's in Byrnes' book, although Byrnes' book is not a very good book. He didn't really write it himself. He got some newspaper fellow, to whom he gave a lot of notes and maybe a few anecdotes. As a matter of fact, there was very little, altogether, written about the Italian settlement which was at all very good.

I would like to mention a conversation that I had with the present Italian Ambassador, Egidio Ortona, on the night of V-J Day, but first I should probably give some background information. Shortly after the Italian surrender was our acceptance of co-belligerency. I must say that Ortona's recollection of the time and my recollection of the time do not coincide. Ortona's

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recollection was that this was not until the fall of '44, but my recollection was that it was something like February of '44. The Italian capitulation took place at a time when we had just, I think, barely invaded the mainland. We had the landings in Sicily and then we had the landings on the mainland. It was considerably before Anzio. We literally had only a toehold on the boot of Italy, although, we also had the heel for some reason; Bari was in Allied hands.

The Italian economic situation on our side of the line was absolutely desperate. The Italian Government had made a bet on our winning, so the Royal Government was on our side, and Mussolini established a republican government in the north which was in with the Nazi's.

The Italians sent to the U.S. a neapolitan banker, whose name I don't off hand recall.

He was a rather picturesque character, but completely unused to the ways of diplomacy. His mission was to see what he could get in the way of financial economic help for Italy from the United States. To guide him in his ways, they sent this young Foreign Service officer whom they considered to be completely trustworthy (the situation in Italy was rather dicey at the time) . He was an export officer, and that was Ortona. He was something like a second secretary in the Italian

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diplomatic service, a young man. After the banker went back, the Italians decided that they would set up a liaison office here of some kind. Since Ortona had been here and had made contact with the Americans, they put him in charge of this liaison office.

At a certain stage the Soviets pulled a fast one on us. They were participants--nominally, at any rate--in the Italian control arrangements. It was actually run by the British and ourselves, but there was an Allied Advisory Council in which they were supposed to report and consult. I don't know to what extent we really used that, and the fact that we didn't may have something to do with the way the Soviets behaved when we got into the Balkan countries with this. I'm not sure that we didn't establish a precedent in Italy.

At any rate, the Soviets pulled a fast one on us by establishing diplomatic relations with the Italian Government. They appointed a man, their political adviser to Italy, as Ambassador to the Royal Italian Government, which forced us into establishing an Embassy, also, and naturally led to the creation of an Italian Embassy here in Washington. At this point Ortona, being already here, I think, was assigned to the Embassy as counselor.

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The reason I'm telling this is that I dealt with him rather extensively. Before I went to London with Mr. Byrnes in 1945, to be precise on V-J Day, I asked Ortona to come and see me at the State Department. I had been told by H. Freeman Matthews that I was to accompany Mr. Byrnes to London as his economic adviser. I didn't know what kind of relations the Italians had with the political side of the State Department, but I thought I had a pretty good view of how the U.S. Government was going to behave. So, I asked Ortona to come and see me. I can't remember whether I was in the Old State, War and Navy Building at that point or whether I had moved to where the Automobile Association now is at 1712 G Street, where we had our offices for a while. We had our offices there and later in the building now occupied by the World Bank on H Street. The State Department, during the war, expanded, and then between wars it contracted.

At any rate, during the course of the afternoon, news came through of the Japanese surrender, and people began gravitating toward the White House. So, I called Ortona on the telephone and said to him, "Egidio, I don't think you had better come here, because there's going to be a massive crowd. I think that if we get caught in the downtown area, we're not going to be able

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to get out of it. We had better meet somewhere else."

We agreed to meet at my house, upstairs, and we sat on the two sides of the fireplace in the living room. I gave him my estimate, which he reported by telegram to the Italian Government. I must say that I would love to see the text of the conversation. I deliberately did not make any because I was speaking very personally. But I did two things with him. First, I gave him my estimate of how I thought the Italian treaty would come out. Secondly, I told him that I thought the Italian Government would make a grave error if it gambled on differences between Soviets and the Western Allies over Italy and base its policy on a split.

I said to him quite frankly, "Egidio, Italy is not worth our splitting with them, it will be over something important, it will be over Germany. I think your government should play a very cautious and prudent role in dealing with the Italian peace treaty negotiations."

My advice perhaps was not necessary, because the Italians had very little to say about the peace treaties.

Relating to the discussions in London, we made relatively little progress. Without going back and consulting my files, which I can do because they are

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intact in the State Department, I can't tell exactly how far we had gotten, but we hadn't gotten very far. We had discussed some provisions both in the political and in the economic field, and they were generally disagreed; there was a disagreement over reparations, there was a disagreement over Trieste, although we I think, had agreed maybe in the earlier London conference that Trieste was to be made an independent, autonomous city.

MCKINZIE: This is by way of correcting Charles Boglen's account in his Witness to History?

REINSTEIN: Well, no. There was still a problem about where the Yugoslav-Italian frontier would run and how big the territory of the City of Trieste would be.

Looking back, what we were trying to do was to create, with no economic basis at all for it, another Danzig; it was an extraordinarily stupid decision, I think, and one which was eventually corrected. Trieste had (to digress for a moment) owed its importance and significance to the fact that it had been part of the Austro-Hungarian empire. They briefly had Venice, but I guess that

they lost Venice in 1859. There were three parts of Venice. The east was Venezia Giulia, which was the Adriatic coast territory, partly

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inhabited by Italians, but largely by Slavs. There was Venezia Tridentina, in the northwest, which took up Trent. The Italians didn't get Trent back until the end of World War I, when they were able to get their frontier all the way up to Brenner and include the South Tirol, because of Wilson's mistake and his unwillingness to do anything about it; he had given his word and a gentleman doesn't change his word. And then there was Venezia Eugenea to the south.

But the World War I settlement, since both the Italians and the Serbs were on our side, did not result in any correction of the border in Venezia Giulia. There was a dispute over Fiume and there was [Gabriele] D'Annunzio's dramatic seizure of that.

At the end of World War II the Yugoslavs were on the Allied side. The Italians had been on both sides; they also were in the First World War, but they managed to wind up rather clean in World War I. They didn't come out smelling quite so much like a rose in World War II. There was a clear agreement that there should be a correction of the border which would allow the southern Slavic population of Venezia Giulia to be united in Yugoslavia. There was a good deal of dispute as to exactly how this was to be done, partly because the territory was ethnically mixed. This is very

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frequent in the areas of this kind in Europe, particularly where you have an area which has remained either under one sovereignty or another for literally, in the case of Venezia Giulia, 500 years. It was part of Venice, a little later a part of the Austro-Hungarian empire, and eventually Italy. The population tended to be sort of ethnically mixed, and it was a little hard to tell exactly where the Slavs were and where the Italians were.

Of course, in the course of the fighting in the latter days of the war, a certain number of people fled because of the military operations, and this added to the confusion as to exactly who was who, what was what, and where was where. This led to the suggestion that a commission should be sent to examine the situation on the spot. In our last conversation, I think I described some of the difficulties we had agreeing over the terms of reference of the commission.

That decision was made in London by the deputies, not in Paris. The report was completed, by my recollection, while we were still in London. One of the living members of the team, a man who was a junior officer at the time, is Leonard Unger, who is now our Ambassador to Thailand.

It was agreed at a certain time--and I can't

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remember when without consulting my files--that, apart from straightening out the basic line between Italy and Yugoslavia, there would be carved out of the territory what was called the free territory of Trieste, which was to be an independent, autonomous city. A good deal of time and attention was devoted, at the later stage, to the discussion of how this was to be done, and it's dealt with rather extensively in the treaty of peace. It never happened, of course.

But we weren't getting along very rapidly, and, perhaps at the initiative of the American Government, it was proposed that the Foreign Ministers meet to examine the situation, take up some of the major issues, and give direction to their subordinates for the completion of the peace treaties.

This meeting was agreed to be held in Paris, which was somewhat surprising. In the first place, the Potsdam Agreement had specified that London was to be the seat of the Council of Foreign Ministers, the permanent seat. London had been the principal coordinating center. Most of the inter-Allied meetings were held, particularly the ones on the Western Allies, in London. My later meetings with the British and the French to determine our position about the Federal Republic of Germany were in London.

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After NATO was transferred to Paris and centralized there, then Paris became a great coordinating center, but London was the center and this was surprising from that viewpoint. I don't know who proposed it.

The second thing was that it created an obvious problem, which could only be resolved in one way, with the French. The Soviets had deliberately insisted that the French should be excluded from the discussions of the Balkan treaties. If the French were to be our hosts, to tell them that they couldn't attend the meetings for which they were providing the facilities would be obviously impossible. And when we went to Paris they did participate, and the whole Soviet objection to prevent the participation completely disappeared. It may have been mentioned, but it was accepted as a matter of course.

We flew down from London to Paris, the American delegation did, in a DC-3 on Easter Monday. It was a military plane, and the pilot gave us a run over the Normandy beaches. It was only a year and a half after the Normandy landing. A great deal of debris from the fighting was still there. We flew just a few hundred feet above the earth, and you could look down and see a burned out tank or something and how a farmer had

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plowed around it; you'd see all sorts of evidence of the fighting. That type of evidence lasts a long time. I hadn't realized it until I flew over some of the area which was contested bitterly in

World War I. It was a few years back. When you fly at a rather low level--and I guess that again I was in a DC-3--you could see where the trenches were and you could see the bomb craters, even after 35 years. The land was scarred from absolutely dreadful, bloody fighting.

MCKINZIE: In this area on the beaches and back from the beaches, was life going on pretty much as normal?

REINSTEIN: Well, yes. This was, I guess, in April, and you could see how the furrows had been plowed around the tanks. Obviously, they were still hitting unexploded ammunition of some kind or another, but that sort of stuff stays around a long time. I heard on the radio this morning that they had just found twelve live cannon balls in Alexandria, one of the forts which ringed Washington during the Civil War, and they had been taken down to Fort Belvoir to be destroyed. That's well over a hundred years ago.

Well, before we left, Mr. Dunn made the decision which turned out to be of extraordinary importance. He decided that the United States should table complete

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drafts of all the treaties. This was an extraordinarily difficult job to do, because we had not done a great deal of preparatory work that was necessary to work out all the technical details of what should go into a treaty of peace. And beyond that, our staff was extremely limited.

On the economic side, I first went to London with Mr. Byrnes in 1945; I was the only person. I was expected to deal with all economic problems of five treaties of peace by myself.

When we went back for the deputies meeting in London in January, I managed to take two people with me. One was a lady who had been an associate of mine in the Financial Division of the State Department, whose name was Julia Shairer and with whom I worked very closely, particularly on Italian matters. Then I shopped around for a good economic analyst, really a first-rate fellow. I had the good fortune to come onto a man who really was extraordinarily talented with a fine disciplined mind. His name was William Bray. He, as far as I know, is still at work in the Government. That was the extent of the help I had.

The American delegation had no lawyer. We were writing what were basically legal documents and there was no legal adviser, and we literally kidnapped people

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to round out the delegation. Part of this was the result of, I think, Mr. Byrnes' initial view, which was that he didn't like to have a lot of people around. He was used to working as a Senator. His

wife was his secretary, they had a few people in the office, and he ran things out of his hat. He didn't like to have vast numbers of people around.

He had been, of course, War Mobilization Director, and had been in charge of vast administrative organizations. I've always been curious as to exactly how he worked that. As far as I could make out, he was highly successful in that job, which Mr. Roosevelt persuaded him to leave the Supreme Court to take. But it must have been done by his intuitive judgments rather than by the creation of administrative staffs.

I don't know whether I did tell the story of the one issue that I had to send to Mr. Byrnes.

As our armies fought their ways across Europe in 1944 and 1945, we found the civilian population in rather difficult circumstances. They were short of food and they were short of materials of all kinds. The Germans had occupied these territories and had milked them. The Germans themselves, as far as I could make out, really had no mobilization plan of their own until the war was quite far advanced. It's one of the

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things that's extremely surprising, that they launched into a major war without having the necessary economic underpinning. I think that it wasn't until about '42, after they had tangled with the Russians that they stopped the spare organization--I can't remember the exact date. But at that point they didn't have rationing; they had no way of insuring that necessary goods went to the factories that had to turn out munitions that they were using up at a great rate. Literally, it's fantastic and probably very fortunate; if they had organized themselves effectively, it might have been much more difficult to defeat them. When they got underway, they did, I guess, a pretty good job of organization, except in the case of the occupied territories. Of course, in the case of France, they only occupied part of it originally; it wasn't until the North African landings that they occupied southern France. They were milking these territories and looting them to some extent, but they were not integrated into any kind of economic plan.

This is one of the reasons why I think the German effort was a failure. The Germans tried to do something that had been attempted on various occasions before, to unite Europe, but they made the experience so unpleasant for the Europeans that very few people

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were willing to cooperate with them, except to the extent that they had to nominally. There were a few exceptions, obviously.

When we came in, we found these territories to be in an extremely bad economic situation. We had been doing some planning, and we had originally started to draw up some nine plans for the provisioning of Europe. There were the three basic assumptions as to the date on which the war would end, and then there were three different types of assumptions as to the degree of destructions which the Germans would leave behind by scorching the territory and ruining it. In

other words, there would be limited scorching, a middle grade or medium scorching and really extraordinary devastation. There were to be the sub-plans under that, 1, 2, 3. We only got as far as Plan A, and the whole plan for feeding and supplying the liberated and occupied territories came to be known, as it was changed, as "Plan A as amended." The basic provisioning was supplied by the British, the Canadians and ourselves. The Canadians played a role in this that, I think, probably people are not generally conscious of, in contribution both to the war in terms of aid and fighting. And they did this all by volunteers; they had no draft. They couldn't have a

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draft because of the Quebec problem. The contribution they made in financial economic terms was very considerable and they also made a very considerable intellectual contribution. The Canadians basically sat between us and the British. It was in their interest to have good relations with the two of us and for the British and ourselves to have good relations, to ease their problem. It was extremely useful. The situation has changed to some extent, I think, in more recent years, but for a great many years Canada, as a middle power, played an extraordinary role in world affairs, a role which she does not play now and which is very much missed. It was the role of a country which is interested only in order, in seeing that there is a sensible solution to international problems. It's not big enough to play a major role, but is big enough as a middle power to make a contribution.

One of the problems we ran into in administering Plan A was that we tended to get mixed up between the financing and the supply considerations. If somebody would say, "We need a 100 thousand tons of wheat, and I guess we'll have to get those from the Australians," it would rather naturally fall to the British to supply that. The British then would look and say, "Now, we're going to have to pay for this; are we ever going to get

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any money back?" This began to hang up our decision-making process on the supply side.

So, a rather ingenious arrangement was worked out in which we agreed that we would ask everybody to pay us back for those supplies that we had furnished, knowing perfectly well that some countries, for instance, Greece, would not be able to do so, but feeling that probably the French could. Whatever we didn't get back we would share the losses on in an agreed ration.

In other words, it was a reverse way of determining how you distributed the proceeds. We took something like 67 percent, the British took a piece, and the Canadians took another piece of it until it added up to 100 percent.

These demands for supplies were really becoming extremely difficult. We found that we had a terrible situation in Italy. In the case of Italy, the Americans managed to find a way of solving that problem by tapping the troop pay. We had occupation currency in all of these countries, and of course, the military, when they wanted to pay their soldiers, could only pay them out of

appropriated funds. They paid them in occupation currency, so that every time they drew money, either for purchase of local supplies, troop

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pay, or whatever it was what they needed, they had to pay the counterpart of that into the U.S. Treasury, where it was held in escrow pending the treaty of peace.

Well, at some stage in these proceedings we were really desperate for money. The idea occurred to someone to draw on the troop pay account to buy wheat for the Italians and just leave an IOU in there, and then we'd decide what to do about that later when the war was all over. This troop pay account had some rather startling results when we got into the postwar period, but it helped us in Italy.

In the other countries we found that the demands were very heavy, indeed. We had created something called UNRRA, the United Nations Relief and Rehabilitation Administration, which was supposed to take care of these liberated countries once they got on their feet. It was eventually decided that we had better find out what in the world UNRRA was doing.

UNRRA was headed by former Governor [Herbert H.] Lehman of New York, and we, the British, the French all went to where they were housed in the DuPont Circle Building. We went up to see Governor Lehman and high officials and said, "Now, look. We realize that this is completely illegal, but we three countries are your

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principal contributors. We find ourselves in a situation in which we are being called upon to supply enormous amounts of goods for the civilian population of the areas in which we are fighting our way, and we want to know what you are doing with the money that was given to you, which came to about 2 billion dollars?"

And so they sent up a kind of budget examination committee, which consisted of Ed Richey, who is now permanent Under Secretary of the Canadian Foreign Office; Carlin Kroh, who was just retiring as U.K. representative to the United Nations and who was then a second secretary--I think that he and Richey were both second secretaries in their respective embassies; and myself. The three of us went up and began dragging out of UNRRA the story of what in the world they were doing with their money.

It was rather frustrating, because they were highly disorganized. They would produce pieces of paper, and we didn't find that very satisfactory, so we sat there and we pounded away at them. They finally were able to put together--they should have done it themselves, but they needed the outside pressure to do it--an account of exactly where they stood, what their commitments were and the like. We discovered from this that basically, I think, they were going to concentrate

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mostly on the Balkans and Eastern Europe and rather assume that Western Europeans would be able to take care of themselves. They had rather substantial assets in this country and could be mobilized in one way or another, and had no responsibility, of course, for Germany, although they did get into Germany when they dealt with the displaced persons. That turned out to be a very major part of their task.

Well, the upshot was that the three of us came out of this with a feeling that they were doing a rather sensible job, but they didn't have enough money. We felt that an effort should be made to go back and get another set of subscriptions as close as possible to the original set of subscriptions of two billion dollars.

We reported this to our immediate superiors. My immediate superior at that time was Emilio Collado, who now is a director of Exxon and a very distinguished financial economist.

Well, this paper went all the way through the American Government. Every single official who looked at it said that it was absolutely crazy.

To be nice about who these people were, they were distinguished people. Dean Acheson, who was then Assistant Secretary for Congressional Relations, said

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it was crazy to go and ask Congress for that money. Will Clayton, who was Assistant Secretary--I don't know whether he had been made Under Secretary as yet--for Economic Affairs, disagreed with it. I don't know that the Secretary of State agreed with it, in the face of the disapproval of his principal and most trusted subordinates. But the point of this is very instructive. Had this been purely an American paper, the disapproval of those people would have killed it all. The fact of the matter was that it wasn't an American paper, it was a tripartite paper, and this paper was working its way up through the Canadian Government and the British Government at the same time that it was working its way up through the American Government. It eventually arrived on the desk of James F. Byrnes, War Mobilization Director, or whatever his title was. Mr. Byrnes read it with all the notations on it, and he said he thought it made sense; that settled the matter.

The administration accepted the recommendation. We went back and went to all of the contributors to UNRRA, and we went back to the Congress and asked for an appropriate equivalent to our first contribution to UNRRA.

As I say, Byrnes was a man who tended to operate

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by himself. He had strong likes and dislikes about people, as far as I could make out, but if he liked you and trusted you, then the confidence he placed on you was quite extraordinary. I will exhibit this by illustrations later, because I was someone whom he trusted. As a result, I found

myself frequently in a very unpleasant situation, because the Department of State wasn't focusing on the problems that I was working on. I was left to my own device to decide what the devil to do and really was placed in a position of having to make American foreign policy, which is rather an uncomfortable position. They say that the position of Secretary of State is a lonely man. Well, I say that the position of a civil servant who finds himself in line to make to policy without any help or ability to discuss it is very uncomfortable, indeed.

The decision which Mr. James Clement Dunn made was to table complete drafts of the Italian treaty and the treaties with the three Balkan countries. The Finnish treaty we were not at work on, therefore we had no responsibility for doing anything about Finland. This decision was made by Mr. Dunn in early March, I would recall. We found it a terribly difficult task, and we, in effect, kidnapped these two people to help in our work.

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Also, as I said, the State Department hadn't seen fit to even give us a lawyer to work on the treaties, an absolute fantastic situation to be in. Mr. Dunn insisted to the Department that they send over a lawyer to help us work on the treaties, and they grudgingly consented to sending a man for three weeks.

The poor fellow came. He was William W. Bishop, who is a professor of international law at the University of Michigan Law School, and who for many years was, and perhaps still is, editor of the Journal of the American Society of International Law--a very distinguished lawyer. Poor Bill came over with clothes for three weeks, and when he arrived Mr. Dunn informed him that he was to stay and to accompany us to Paris. He remained for a good many months.

Another person whom we kidnapped in much more literal sense was Covey T. Oliver, now a professor of law at the University of Pennsylvania Law School. He served under Lyndon Johnson as Assistant Secretary of State for Latin-American Affairs and briefly as Executive Director of the International Bank for Reconstruction and Development. He's a Texan, and this has something to do with Mr. Johnson's selection of him, I believe--not a Texan, but a Spanish-speaking Texan.

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During the war when we started a blacklist and blacklist activities in Latin America, trying to put a limitation on activities of the Italian and Germans through their commercial firms, somebody in the Board of Economic Warfare had a brilliant idea of going and hiring a bunch of Spanish-speaking lawyers. The only place that we could find Spanish-speaking lawyers was in Texas. They sent a team down to recruit all of these promising bright young fellows in the leading law firms in Texas, many of whom wound up continuing work for the United States governments. I may add that Covey was dispatched to Spain during the war and in 1946 was working for Charles Kindleberger, a professor of economics at MIT. Mr. Kindleberger was one of the persons who was very prominent in the development of the State Department positions on the Marshall plan and was, for a time, responsible for all the economic problems of the enemy

countries. They eventually decided that this was too big a job and they would have to split between the Far East and Europe. They divided in between Germany and Austria in one end and Japan and Korea on the other, and he stayed with the European part of it.

Well, Oliver had been part of the group that had been working first on the German reparations problem,

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and then had been sent to Germany on some commission or other. At any rate, there was this fellow that I had sent to Spain in '43, and he'd also worked with me in the Wartime Trade Controls. He is somebody for whom I had, and still have, very highest regard. And I went to Mr. Dunn and I said, "You know, we're having our problems with Washington, and we're having problems getting our work done here. There is a man in Germany who is about to go back to Washington, and perhaps we could ask him to stop off and spend a few days with us.

So, we dispatched a telegram or telephoned to Berlin and arranged for Oliver to stop off, on his way home, in London. We sat down and went over our problems with him, and he was very helpful and reported on this to Mr. Dunn. Mr. Dunn said, "Well, if he's so helpful, would it be helpful if he stayed?"

And I said, "Well, yes, it would be wonderful if he stayed, but he doesn't work for us; he works for Kindleberger."

Dunn said, "Well, that's all right." Dunn sent off a telegram to the Department of State saying, "I have instructed Covey Oliver to remain here to assist us with the peace treaties," end of telegram.

He had absolutely no authority to do this, but

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Dunn was an extraordinary man at making things happen. He had a gift for doing this that I've rarely seen in any other man. He was very interesting. He never read the newspapers, he didn't read telegrams. Most people read large amounts of papers, but he functioned--I hope I'm not doing him an injustice, this is partly hearsay--on the basis that if anything was important, people would tell him about it. And as a matter of fact, I think this was quite right, because at a later stage in my career I was a special assistant to Willard Thorp, who was Assistant Secretary for Economic Affairs. I had no real fixed responsibilities. The principal thing was that Thorp and I had worked together. He liked me and people knew that I could have his ear.

After spending a certain amount of time wading through large stacks of telegrams of every character, I decided that I wouldn't read telegrams at all. After all, it's hard to tell what to read, because you have no particular responsibility, and I would sit in my office and people would call me up and say, "Have you seen London's 4273?"

And I would always say, "No," because I didn't read telegrams. They'd say, "Well, you should get a hold of that telegram and read it, and maybe you had

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ought to do something about it." I just became sort of a broker for dealing with problems that were unresolved, where relations had broken down between different parts of the State Department or there was a lack of policy guidance or things like that and things were getting out of hand. I found I was able to keep myself fully occupied by simply having people bring me their problems, so that maybe Mr. Dunn's system wasn't too bad. He had a deputy, who was an extremely hard working fellow and a conscientious man, Mr. H. Freeman Matthews. Matthews would sit until 8 o'clock every night, and Matthews read every telegram. He not only read the telegrams that came in, but he proofed every telegram that went out of the European Division, except possibly something of minor importance. He would sit there and go over these things in extraordinary detail. Eventually, he made career Ambassador and is still around in Washington.

As I say, Dunn was extraordinarily shrewd in his judgment and often did things sort of by indirection, so that you weren't conscious of the fact that it was really happening, or you just matter of factly accepted it.

There is a very amusing case when we went back to London in January of 1946. We had a rather eager

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beaver fellow from the Commission of International Conferences. The fellow sat and looked at everybody's rank, and he decided where they should sit, according to their rank. He came up with a plan which I didn't find very satisfactory, because he decided that my rank required that I be on the same floor with Dunn, but that the two people who were working for me, who had lower ranks, should be on the floor above. Well, I didn't want that; I wanted to have these two fellows I was working with right next to me.

At any rate, he went to Dunn and presented him with this plan. Dunn looked at it and said, "I don't see any need for this. These people all know where they are supposed to sit; why don't they just go there?" And with that we all went and found what places best suited our needs and didn't have the slightest difficulty about it at all. This is a minor illustration of a kind of indirect and often soft approach that he had which was extraordinarily effective.

Now, his political judgment to table complete treaties was an extremely shrewd judgment. Nobody else did it, only the Americans, and one of the results was that most of the drafting of the final text, except certain provisions that were fought over and negotiated

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about, was the American drafting. This was true at least in the economic clauses.

As far as the economic clauses were concerned, we had meetings that were going on all day long, in which we were accomplishing nothing, so we did our basic work on the technical drafting of the treaties at night. We sat in a room on the second floor (British style) of #5 Grovner Square. It was the Countess of Beacham's house (a building which has since disappeared), in an office that had been the office of our Ambassador to the governments in exile, Stanley Hornbeck, in the later days of the war and even as late as the fall of '45, before we reopened our Embassies. We sat there--I, my two assistants, Bray and Julia Shairer, Covey Oliver and Bill Bishop--and we hammered out, over a period of between two and three weeks, relying on whatever resources we had and what little work had been done the previous summer, all of the technical provisions of the economic clauses of the treaties of peace of all four countries. I'll say that it was grueling. I've probably worked harder more recently, because I've gotten used to hard work, but I can remember that Thursday night before Easter, coming out of that building and sitting down on the curb, saying, "I can't go on anymore. I can't stand it anymore. I can't

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stand this pressure; it's just killing me."

MCKINZIE: This is when you were getting ready to go to Paris?

REINSTEIN: Yes. We even had meetings on Good Friday. I think our final meetings with the Soviets and the British were on Good Friday, and still we were in the process of putting these texts together. What Mr. Dunn wanted, as I remember, was that when we arrived in Paris and reported to the Foreign Ministers, the American delegation would have ready complete texts of the treaties and compel the other countries to consider them.

Now, I said that the American drafts (with exception because there were provisions that were fought over) were the final drafts, by and large the drafts ultimately accepted. This was for two reasons. One was that in general, and consistent with that modest degree of guidance we received from Washington (it wasn't very much), our attitude was more lenient toward the enemy governments than the British and the French. The British and French were inclined, on property and other matters, to extract everything that they could from them. The Soviets, in general, had very little interest in any of these matters; they had

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no investment in these countries--at that time, at any rate. They were interested in reparations, they were interested in getting looted property back, and they had a rather hard-boiled solution on those problems. The American interest sort of came down the middle.

What this meant was that, basically, the British and the French eventually had to come over to the American position. First, we were stronger than anybody else was; it was the height of American power, even though we were demobilizing our army. We were at that point demobilizing our armed forces at a most fantastic rate, but we were a powerful country still, militarily, economically and in terms of the influence that we wielded. And so, with the British and the French, we talked with them. Of course, I had those instructions from Mr. Dunn, oral instructions, not to gang up with the British and the French against the Soviets, which I referred to in an earlier interview.

On the other hand, the Soviets showed very little disposition to talk with us about any problem. It was very difficult to engage them in any conversations, whereas the British and the French certainly were eager and anxious to explain the problems that they had and in which they had differences. If our language gave them problems, they would come and discuss with us

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quite frankly. They had first-class people. The British representative was a man who continued to work on this--they had other people who came in--Mr. Henry Gregory. I don't know if he had been knighted at the time. He had been the custodian of the enemy property during the war and was a shrewd little man, a very thoughtful and a very decent man. He had a good religious upbringing, a strong religious background, and he wasn't a man inclined to cheat or lie. He was a man for whom I formed a great regard and who I held very affectionately.

Anyhow, Gregory was a first-class fellow and was very honest. When our drafts gave them problems, he would talk to us quite frankly about them. I mean, we were not malicious, nor were we omniscient; we were stumbling around in our efforts to try to find solutions to the problems, so that where we could accommodate other viewpoints and take care of these things, we certainly did.

MCKINZIE: When you came up with these positions that you worked out in this group, did they go then to Mr. Dunn or to Freeman Matthews for any kind of approval?

REINSTEIN: They went right on the paper and into that draft. I was the top man who looked at them. I was 35

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years old; I was Mr. Dunn's economic adviser for the peace treaties; I had reached the top of the civil service in that point--I was called then a P-8, which was years before they created the super grades; I was a responsible official and I took the positions. Mr. Matthews was in Washington, running the European Division, and Mr. Dunn was not particularly interested in economic matters. He relied on me to see that the job was done properly. And, by golly, after we had hammered out something, it went in the typewriter, and it went from the typewriter into the draft that the U.S. submitted. His point was that he was carrying out Mr. Byrnes' policy. Mr. Byrnes wanted to get peace treaties, and we were bogged down in our negotiations; we weren't getting

anywhere at all. Mr. Dunn felt that, as a tactical matter, if we were going to make any progress when we got to the Foreign Ministers, there had to be something for them to talk about. The only way to have something to talk about was to put down a complete draft where everybody could look at it and said, "This is the Italian peace treaty. This is our idea of what the Italian peace treaty should be."

Now, there may have been gaps in places. I think that they must have, obviously, fuzzed up and left open the Venezia Giulia boundary, because we did have a

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commission. Of course, I was so wrapped up with trying to get my own part of this done that I hardly had time to talk to anybody else. But they must have fuzzed that one up and left it open. Apart from that, I would think that the proposals were, on the whole, quite definitive. They were not necessarily acceptable to other countries, but they were definitive proposals. And we went into the Paris meetings with complete drafts, which nobody else had, other people had bits and pieces. The British, of course, being in their own territory, had a certain amount of work of their own to do. It's always good to handle negotiating somewhere other than where you work.

MCKINZIE: Would you explain?

REINSTEIN: Yes. I carried on negotiations for the State Department for donkey's years, and I always tried to have these negotiations take place outside of Washington, preferably in Europe. You get a bunch of Americans there, and they have nothing to do except get that job done; they give their attention to it wholeheartedly. They want to get home to their families, and they don't have any distractions. They don't have the distraction of having other office work, and they don't have the distraction of having families.

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And, by golly, if you want to get good work done, that's the way to get it done. I've used that formula over and over again, and the way it works is that Americans always wind up better prepared than anybody else, because they give themselves wholeheartedly to the task.

In the first place, the first question any American asks when he comes for a meeting is, "How soon can I get out of here?" "When can I go home?" It's not universally true; some people find it quite agreeable to spend a certain amount of time in London or Paris, but, by and large, they want to get home.

MCKINZIE: Can you say something for the record about after you left London and then went to Paris? When you arrived then in Paris you were there a few days before the conference.

REINSTEIN: It was not very long. We got there that afternoon. I remember our arrival. It was a beautiful day, a lovely Paris spring day. The Hotel Merglise had been requisitioned by the

Germans, through the French, at the site of the German command de tour for Paris. The French kept it under requisition, and they turned it over to us for use for offices and as a place to live.

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As a matter of fact, we went over the plans in London, and it looked to us as if the place wasn't big enough. It had an annex and we were going to use the whole hotel and the annex both. But we found we were wrong when we got in it, even after we had increased our staff somewhat. We were able to come to that at a later stage. I smuggled people into it, just didn't tell Mr. Byrnes who was there. I took the position that it wasn't the Secretary of State's business how many people we had there, that what he should be concerned with was whether the work was satisfactory. As long as he didn't see all these people--and he didn't drag them off to meetings or drag them into his office--who was in the back room doing the work didn't count. So, we did manage to increase our staff very substantially when we got back to the peace conference stage. That was not until sometime later.

I do remember our arriving on that beautiful Easter Monday, of course, a holiday in Europe. The group of us who had drafted the economic clauses of the peace treaty, as it was written practically in our blood the previous several weeks, all went for a walk. We walked down to Notre Dame. By the time we got through we were rather weary, and we didn't have any French money. There was no way of getting transport

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back. We couldn't ride on the Metro, and we were all so innocent that we didn't realize that we could probably have taken a cab to the hotel, had the concierge pay for it, and then paid him later--if we could have found a cab. There weren't very many cabs around; motor transport was almost nonexistent at that point, except government-owned cars.

Anyhow, we made our way back in rather draggle-tailed fashion, which took something away from the thrill of seeing Paris, for me, for the first time since 1939. It was a city that was still very much affected by the war; food was in extremely short supply.

I think that the meetings began rather promptly. I suppose that we must have had a couple of days to report to our respective foreign ministers, and then we were thrown immediately into discussion. These were four-power meetings. The French being hosts, there was no question raised about their participating in the meeting. The meetings themselves took place in the French Senate, in the Palais de Luxembourg. At that time there was only a provisional French Government, and it had a constituent assembly, it was called--which was functioning as a unicameral legislature and was also writing the constitution for the fourth republic.

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General de Gaulle had quit the government in pique earlier in the year, and Georges Bidault was Foreign Minister, Prime Minister and Provisional President of the French Republic; as I recall, he had three capacities. He was the titular head of the MRP.

Let me try, as best I can from my recollection, to put the discussion into some perspective. The general concept and the structure for making of the peace is something that one has to understand. The Paris meetings have to be looked at in this light. The big powers who have carried the burden of the war and who led the alliance that came to be known as the United Nations (which then got transferred to something else but which was originally a wartime alliance), envisaged the postwar world as one in which they would themselves determine, after consultation with the other countries, the character of the peace settlement. This they would do through the Council of Foreign Ministers, which was a five-power group. And the same five powers would, through the United Nations Security Council, enforce peace on the world. Obviously, as you look back at this in the perspective of history they had some reasons for believing this. There had been things like the concert of Europe, and the idea that the big powers could enforce their will on the world is clearly built

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into all of these arrangements. You have to remember that, at that time, most of the rest of the world was under colonial domination and, therefore, under the thumb of one or another of the big powers. The number of countries, other than the enemy countries and the neutrals, who were independent came down to Latin-American countries, who were a kind of a special group that the United States was going to deal with. If Africa was Liberia and Ethiopia as independent countries, then you had some Near Eastern countries who were independent, and that was it.

So this was, looking at it in terms of how people saw the world in those days--and you can look at it through Churchill's eyes or look at it through eyes of any of the others--perhaps not an unreasonable view. History took a rather different course, beginning with the independence of India in 1947 and other events, and probably Indian independence and the Indo-Chinese War were the most significant events that changed the course of history. They changed the pattern that was looked at by the people at that time.

At any rate, the Council of Foreign Ministers and the United National Security Council fit right together. As a matter of fact, Articles 108 and 109, I think, of the United Nations Charter say that none of the

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provisions of the Charter affect whatever dispositions are made by victorious powers with respect to the defeated enemy countries. In other words, the guarantees that were enjoyed by members of the United Nations did not extend to the defeated countries of the war. The victorious powers, and that meant the big powers, were quite free to make any arrangements they wanted with respect to them, without regard to the provisions of the United Nations Charter. And those documents were written in some relationship to each other, in Dumbarton Oaks and

before. The San Francisco Conference and the meetings in London were roughly about the same time. The San Francisco Conference ended on October 25, and the meeting in London ended somewhat before that, but these were companion pieces.

Now, the intention of the great powers had been that they would prepare drafts of the treaties. They would then summon the peace conference, in which they would submit these drafts to the other countries that had been at war with the enemy countries and receive their views and any proposals they had for changing the drafts. After this the great powers would make their final decisions and the terms of the treaties would be concluded. There was no concept of negotiation with the enemy countries at all.

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MCKINZIE: As there had not been a Versailles?

REINSTEIN: Yes. At Versailles, the Germans had complained rather bitterly about this, but nobody paid any attention to that. Now, this set of concepts were quite a variant with the kinds of planning which had been done by the State Department during the war. They emerged rather suddenly at the end of the war, at Potsdam, and I'm not entirely sure where they came from. One can readily see why the Soviets would look at it this way; it's consistent with their outlook. The Americans and the British had both been through a change in government of extraordinary character, and what led them to these conclusions, I frankly do not know. I was not a party to any of this. Potsdam was something that was just a telegram that came across my desk on something like the 3rd or 4th of August as a great shock. It was inconsistent with what I thought we had been looking for in our postwar planning, but nevertheless, the decision was taken and that was that. We were trying to implement it as best we could.

The Foreign Ministers had a first slice at this set of problems and made some decisions. The discussions broke down in London and they were revived and carried on by the deputies with relatively little

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effect. The target date, May 1, which had been set at some point for the completion of the drafts and summoning of the peace conference, obviously was not going to be met. The Foreign Ministers assembled to review the situation and see what they could do about it.

They had two sessions on Paris. There was the first session which began in April and lasted for about three weeks, at the end of which some progress must have been made on some fronts, but maybe not too much. At any rate, they then turned the work back to the deputies in the committees. In London, only the deputies had met, and they had met very infrequently. The deputies had practically no functions at the London Conference of '45, except one rather curious one which I participated in. We set the Austrian ration level, which I believe that I referred to in a previous interview.

When we met in Paris we developed a rather elaborate committee structure. We had the deputies of the Foreign Ministers, who met daily. Under the deputies there were a set of committees. The deputies, as I recall, took most of the political problems themselves. They remitted the economic problems to committees, and we did have an economic committee for

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Italy and an economic committee for the Balkans. I suppose that there must have been one which was just the British and the Soviets for Finland. There was a committee on the economic status of the free territory of Trieste, and there was an Italian reparations commission, which I think, reported directly to the Ministers and not through the deputies, because it was supposed to be a high-level committee.

I was the American representative on all of the committees and on the Italian reparations commission. Without consulting my papers and diaries, I can't be terribly precise as to how much we did in the first session and how much we did in the second. We did make a certain amount of progress in the first set of the meetings. These meetings, as I mentioned earlier, took place in the Luxembourg palace. The French Senate did not exist at that time, and that's their customary meeting place. And they took place in a small room off of a very large room that had been the throne room of Louis Napoleon, called Salle de Victor Hugo. Mr. Byrnes, at that point, was accompanied by Senators [Thomas] Connally and [Arthur] Vandenberg. At the London meeting, he had been accompanied by John Foster Dulles, to give it a bipartisan flavor, but as they moved on closer towards having real treaties, the two

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ranking members of the Foreign Relations Committee actually sat and participated in meetings. They were present at both the meetings of the Foreign Ministers that spring and they were present during the entire peace conference. I don't think they were present at the following meeting in New York.

At any rate, you had a real team representing the executive and the legislative, the Secretary of State and the two ranking member of the Foreign Relations Committee, who were functioning in tandem.

Now, at some point we broke off the discussions at the Ministers' level, and Mr. Byrnes came back to Washington. Sam Reber and I came back with him. I think both of us felt that he was responsible mainly for handling the Italian political problems. I was responsible for the economic problems in the entire range of treaties, and I was concerned about two things. One was the general state of our relations to Washington, which I found to be really quite unsatisfactory. I complained extremely bitterly to the State Department in letters and in telecons about the fact that they were not backstopping us and they were giving us no help at all in the negotiations.

MCKINZIE: To what do you attribute that; to the general

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feeling that they were slighted by Mr. Byrnes, or the fact that they were just people who didn't care about these negotiations?

REINSTEIN: Well, there might have been two reasons. One was that the State Department regarded this writing of the peace treaties as a kind of special hobby of Mr. Byrnes, who went off and spent all of his time doing that instead of being in Washington where the Secretary of State normally holds forth. This was coupled, perhaps, with a certain amount of skepticism and the futility of the exercise, because the Department had not contemplated that the treaties would be written. I would say that we weren't making much progress with the Soviets, and they had a lot of other problems to work on, so why bother? As you quoted to me the other day, "The Department fiddles while Byrnes roams."

There was perhaps another reason and this was a quite bureaucratic reason, which was that I had no counterpart in the State Department. When I was made responsible, in August of 1945, for doing something about pulling together a position, I took the subject in hand; I set up an inter-departmental committee, I set up some kind of a schedule of work and I did something about it.

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When I left there was a void. I complained to the Department about this, and they did eventually do something about it, after a fashion. My recollection is that Marc [Honore'] Catudal was given some kind of responsibility for looking after our requirements. Where he was located and what degree of authority he had, I don't know. I think probably the answer is that he was not in a position to do what was required to back up the delegation. At any rate, I was concerned about that, and I wanted to get back to Washington and talk with people about what was happening and what issues we had in front of us.

The second task, and I think probably the thing that I attach more importance to than the first, was that while we had not made the May 1 date, we were heading toward a peace conference, and we had a very small, competent--but inadequate--staff of people. I wanted to line up a staff to see that the economic provisions of the peace treaties were properly taken care of. I wanted a staff of some substantial size and competence. And I think probably the second reason is more than the first, because I didn't think I was going to get much out of the State Department, except on maybe a few fairly basic issues or maybe on a very technical point or two. So, I thought that we hadn't

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had the necessary resources within our own organization to cope with the problems. So, we did come home. Sam and I spent about a week here.

I remember that when we got ready to go back we ran into practical difficulty. We were due to fly from New York, and there was a railroad strike; we couldn't get to New York. We had quite a lot of discussion about how to solve this problem; one possibility was to have the State Department provide a car and drive us there. We finally solved it by Sam Reber driving his car and leaving it somewhere in Connecticut or Long Island--I can't remember where--and dropping me off at the Cloisters in New York City, where I was met by my mother-in-law, who put me up for the night. I took a taxi cab from Bronxville to LaGuardia to catch my plane, at a cost of something like \$27, which was a lot of money in those days. And that was the only way I could make it.

I remember those trips terribly well, because we came back in a DC-4 and the DC-4 is not pressurized, so we had to fly at about 3,000 feet. We stopped in Bermuda to refuel and flew on to Washington. Going back, we took one of the early American commercial services; we flew TWA on a Constellation to Paris. A few of the Constellations were grounded. Sam Reber said

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afterwards that one of the engines caught fire, and if it did I was asleep and I don't remember it. Anyhow, comfort was not associated with traveling, I will remember, in those days.

We spent a week in Washington, and the week, as I recall, was profitable.

MCKINZIE: Did you take any additional staff back with you?

REINSTEIN: Well, I lined up a number of people; I think that we probably brought them in kind of singly. One of the things was that, at the time I was sent off to Paris, I was Acting Chief of the Financial Division of the State Department. The Chief, George Lathring, was off serving as a member of our delegation to the German Reparations Commission. When I was told to go with Mr. Byrnes to London to work on the peace treaties, Lathring was summoned back from Europe. In fact, I think it was quite welcome to him, because I don't think his talents were being utilized. I then disappeared for a period of time, and when I came back I was working on the peace treaties. I wasn't really carrying my load in the Financial Division and was rather cluttering up their table of organization; they couldn't promote anybody because I was there. So, they finally decided to solve this problem by transferring

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me to the office of the Assistant Secretary of Economic Affairs and making me a special assistant to him. By that point, Mr. Clayton had been named Assistant for Economic Affairs and Willard Thorp was his deputy. At some stage along the way, they made Clayton Under Secretary and Thorp Assistant Secretary, but I think that it didn't take place until a little bit later, in 1946.

Thorp was a person with an absolutely extraordinary career and a great man. He had been Director of the Bureau of Foreign and Domestic Commerce at one time. He had been a distinguished economist, and he was on the faculty of a college of economics. When they had the great public utilities scandal, when the Associated Gas and Electric collapsed--I guess it was probably the Daniel Encel thing--they named two receivers, and Willard Thorp was one of the receivers. And by this time they had gotten the affairs of the company somewhat straightened out, and he was able to deal with his responsibilities there by putting in about one day a week. He'd usually go either Friday or Monday or something like that, then have the weekend with his family in Connecticut, and then spend the rest of the week working in the State Department. They finally confronted him with the question of becoming

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Assistant Secretary of State, which was a presidential appointment. He faced the same problem that General [Alexander] Haig faced; Mr. Nixon asked him to work in the White House, and you can't have two jobs--at least there are limitations of having two jobs. Thorp accepted the public service job and gave up a very lucrative position as receiver of Associated Gas and Electric. As a matter of fact, they didn't pay people very much then. I remember that at one point when I was his assistant, I was getting more money than he was. Assistant Secretaries of State got \$10,000 a year, and people who were P-8s, what is now equivalent to GS-15s, were getting \$10,300, so I got more money than my boss did.

Well, the point was that when I returned to Washington I found that my bureaucratic situation was somewhat different, but somewhat more advantageous, in the sense that I had the prestige of the office of Assistant Secretary for Economic Affairs behind me and also the help of the Assistant Secretary. This enabled me to line up, for eventually coming to Paris, a whole group of people to staff what became the economic section of the American delegation, which was the largest and most highly organized part of the delegation.

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They had taken a week off, this week when Sam Reber and I came back to Washington. The deputies sort of awarded themselves a holiday; perhaps it coincided with some French holiday, I don't know. At any rate, by the time we arrived the meetings were already in progress. I remember that we were late for attending a meeting the morning when we arrived from New York. We went directly from the airport to the hotel and then directly to the meeting place, where the meeting was already in progress. The deputies then engaged in a second round of negotiations with the participation of the various committees.

Now, I don't remember, again, how much progress we made; I think that it had been understood that there would be a further meeting of the Ministers. The date of the peace conference had been more or less put off without any understanding as to exactly when it would take place. This created some real problems for us, because there were a lot of other things going on at the same time.

Well, there was a second meeting of the Ministers, and they then did settle down and attempt to come to grips with the problem of writing the treaties. There were certain key things that had to be worked out to permit the conference to take place. The first

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problem, and one of the most important ones, on which the Soviet Union made a real concession, was that the original agreement had contemplated that there would be drafts agreed by the powers concerned, which turned out to be the four powers, in practice. But it became increasingly evident that we were not going to be able to reach an agreement upon common drafts to submit to the peace conference. So the idea eventually was evolved of having a conference at which there would be some parts of the drafts that would be agreed and some parts of the drafts that wouldn't be agreed. We would have a conference and we would allow other countries which had been participants in the war to express their views on the drafts in the state in which they were, without any understanding or commitments as to how we would eventually resolve these conflicts.

Anyway, it did open up an avenue towards having a peace conference which had been hitherto completely closed, because the requirement for unanimous agreement foreclosed any possibility of having any kind of conference. I say that it was a concession amongst the Soviets, perhaps it wasn't; I don't know. Their interests in these agreements, obviously, was a very different interest than our interests. Many of the economic provisions didn't really affect them at all.

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They found it convenient to use them as a basis for attacks on us when we had investments in these countries.

In the case of the Balkan countries, the process of being taken over by the Communists was proceeding rather rapidly. The Romanian Government had been overturned in December of 1945 by Mr. Vinshinsky, who went down to personally supervise that. The Bulgarians were always very close to the Russians; they really didn't need to have anything done to them. They rather obediently produced a Communist government without much particular urging and made a lot of trouble down on the Greek border. The Albanians had a Communist government. The Hungarians had an elected government which was dominated by the Smallholders party. That was not overturned until somewhat later, by my colleague on the Italian Reparations Commission, Mr. Dekanozov, who went down and personally supervised the arrangements for getting the elected government out of office and installing a Communist government. In the case of Czechoslovakia, they had to take even more drastic action, finally. As I say, their interests were hard to define.

The Soviets got what they wanted in terms of the territorial arrangements. They got eastern Rughenia;

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they got the rearrangement of their border with Poland, and they in practice, got the Poles compensated for this, although it took a long time for that to be confirmed and made definite. They also got their way on what they wanted about Finland. The Finnish arrangement was a careful arrangement that enabled them to keep a thumb on the Finns and keep a certain amount of pressure on them, without having to get into trying to run the country, the subdued sort of thing that they had to do in other countries.

Once they had made those territorial arrangements, their real interest was in the kind of governments that you had in the area immediately adjacent to the Soviet Union. This is where, of course, we ran into difficulty, because of our own view. I can't remember who said this and when this was said, but something was said to the effect that it was perfectly understandable to us that the Soviet Government would not wish to have countries immediately adjacent to it governed by governments which were hostile to it.

What we did object to, on the other hand, was their rather ruthless way of going in and establishing control over these countries and in making them, at least for a time (it didn't work out all that easily and well), carbon copies of the kind of government that

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you had in the Soviet Union. We didn't see that that was necessary to go that far or that it was right and just to do so. We felt that there were plenty of ways in which the legitimate security interests of the Soviet Union could be accommodated, short of their establishing Communist governments in these countries of a kind which was inconsistent with their traditions and repressive of human rights. This is where we found ourselves in disagreement with them, and these disagreements ran all over the lot. They occurred not only in the peace treaties; they were going on constantly in the control commissions which were in operation in the enemy countries where the Soviets operated.

Although, in theory, we and the British were members of the commission, we were never consulted and often not informed of actions taken by the Soviet Union in our name. They acted in the name, not only of the Soviet Union, but of the United States and the United Kingdom; without our even knowing what was going on.

MCKINZIE: When, as you said, you objected, were the objections through regular diplomatic channels or were you speaking of objections at Paris?

REINSTEIN: What I was saying was that there was a constant

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interplay between what was going on in the countries and what was going on in Paris.

We had attached to our delegation various people who had been in these areas and who had come out of them, not only in the enemy countries, but in the Allied countries, among them people who had been in Yugoslavia. I remember among them the fellows from the OSS [Office of Strategic Services] who had been our liaison people with Tito. We got in trouble with Tito later; I'm not sure exactly why.

There are two Yugoslav camps. We had relations with both of them. I mean, our relations did not run exclusively to [General D.] Mikhailovitch. We had missions to Tito, and I personally knew those OSS people who were with Tito and who shared many of the difficult experiences which the partisans had in Yugoslavia. When one goes back and looks at World War II, the Americans were everywhere; there wasn't any place that there wasn't an American of some kind. Americans were fighting all over the place, and they were in touch with everybody. We were in touch with the Chinese Communists, just as well as we were with the nationalists. We were in touch with both groups of people in Yugoslavia. We had people up inside of Greece, very brave people. It's a damn risky business

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to be behind enemy lines.

There is an amusing story of which, I think, was told me by some fellow that was part of a mission to Tito. They had a group that lived in the forest. There were some Americans, they had several Yugoslavs, and they had an Austrian or two; they were sort of a mixed group. Their span of communications ran to Allied Force Headquarters in Caserta; it was the great Allied Command place, once we got ourselves really established in Italy, in the old Royal Palace. Their arrangements were that once a week, 2 o'clock in the afternoon or something like that--I don't believe it was at night--they would receive whatever work there was by radio from Caserta.

Well, they were wandering around the woods, and they finally got themselves set up for this particular radio rendezvous and had put up a tent and lit a little candle. They got their radio receiver working, and they could transmit, too, to indicate that they were receiving. Anyhow, they managed to get in touch with Caserta, and they were told that there was an extremely important secret message which would be transmitted.

Well, at that point they received word that a German patrol was in the neighborhood and they had better get the dickens out of there in a hurry. They

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broke off radio contact and they beat it, headed for the hills. They had to wait another week until they could get in touch with Caserta again.

So, as the appointed rendezvous time came and the same elaborate arrangement made, they finally received this long coded message. They then took it off and worked on it. Again, a German patrol appeared and they had to head for the hills, and my friend told me, "When they finally got this thing decoded it was the terms of surrender which they were authorized to offer the Germans." He said that he didn't know whether these Germans were chasing them for the purpose of surrendering, but he had some doubts about it. They had never really thought they wanted to hang around long enough to find out.

I mention this just to put into some perspective the way in which the character of the war, the nature of the relationships which developed during the war, and the uncertainties as to what would happen after the war were determined. It's a great mistake to look on these things in an over-simplistic way. Nobody really knew what was going to happen.

In the first place, we expected to win the war, but we weren't all that sure. We sure didn't know when we were going to win it. I think that most people

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probably expected that it would last longer than it did. I know that we certainly, of course, had no idea. The Manhattan project was extremely secret. This comes up in Bohlen's book, the whole business of the Soviets entering the war against the Japanese and his abortive nomination as Ambassador to the Soviet Union. But for heaven's sake, none of us knew that things like that went on.

I myself was called up for the draft twice. I had anticipated that the war would break out in Europe after the German entry into the Rhineland and the fact that it was not opposed. I went to the Navy Department and made arrangements to apply for a Naval Reserve commission. Then I went to the State Department and the State Department said that they didn't want me to do that, that they wanted me to stay and be there.

So, the war came along. It was pre-Pearl Harbor fathers, and we spent a lot of time getting deferments for people who were single. Then, we got around to pre-Pearl Harbor fathers. They looked around to see how many there were. There were about a hundred that were eligible and subject to the draft. The State Department as a matter of routine, sent over a request for the board that was supposed to pass on these things, asking for deferments for everybody over the

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grade of P-3, which is like GS-7 or 9; I can't remember which. Much to their surprise, it was turned down.

They were given 60 days in which to replace 13 men, including the Chief of the Latin-American Division and the other 87 people were turned down flat.

So, at that stage I reactivated my application for a Naval Reserve commission. I didn't get it, on physical grounds, but I was found fit to serve on the front line as a private. I was assigned to the Navy. I was at the time working on planning our operations in Europe with the Pentagon, but it played absolutely no role in the Government's decision as to what to do with me. So, I went to the Pentagon and told them that I was going to be drafted and they said, "Well, get yourself assigned to the Army. If you are drafted, we will pick you up, ship you to Europe, and commission you as a second lieutenant on Eisenhower's staff."

Well, since I could be commissioned at my regular grade in the Navy--which meant a great deal in terms of the welfare of my family--I also pursued a Navy commission. But, I was just within a day or so of being called up, and they made one of these decisions; they didn't want any old men over 30 and I was 32. I was all set to go. Then a year later they were figuring on having to hit the main Japanese islands

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over the beaches, and the most modest estimate of casualties, as I recall, was 300 thousand dead. They decided that they had better fill up the ranks. I was called up again and once again pushed out. So, I never served, but that just happened to be an accident of history.

I was scheduled at one time to go to Algiers and be on the Allied staff there. I was also supposed to go to London and be on one of the Allied organizations there, I think, or in the economic part of the Embassy. Nothing ever came of them and I sat out the war in Washington, working mostly on wartime planning. As I say, my own experience was, therefore, limited, but people that I knew and dealt with were all over; they were in every aspect of the war.

The Americans were, I think, not at all certain as to what kind of a world would emerge. We were very reserved about some of our positions. For example, we did not know whether the governments in exile, the Belgium and Dutch Governments, for example, would be accepted by the people of those countries when the war was over. We were extremely reserved in our attitude toward their activities, and we wanted to sit, watch, and see what happened.

This, in part, is one of the reasons for

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Roosevelt's reticence about de Gaulle. Roosevelt had, when he was quite young, been in France at the time of the General [Georges] Boulanger affair, and he had a very strong feeling that no general should be imposed on the French people, as ruled by American bayonets. This had some considerable amount to do with his reticence toward dealing with de Gaulle, who was not a very easy fellow to deal with in any event.

I think that when you talk about the Italian treaty and you talk about the Balkan treaties, you can't just talk about them; you have to think about the relationships we had with the British, with the Soviets, with the Chinese, with the Yugoslavs, with all the countries involved. They're part of a living and dynamic world in which a great many things were going on, and there was an interaction of all kinds between these things that were going on. Obviously, when you take one aspect and you try to isolate it, it comes rather hard to establish the interrelationships, but one should remember that these interrelationships did exist. They colored the events and thinking of the people who were involved.

MCKINZIE: Could you discuss the practical aspect of the various negotiations in which you served?

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REINSTEIN: It reached its epitome during the peace conference. We built up our staff to a large extent, and at that point Will Clayton and Willard Thorp came over. I dropped back into a sort of number three position from a number one position.

Will Clayton didn't stay terribly long, but Thorp did stay on. Instead of being the principal negotiator, I became the kind of chief of staff of the Economic Section of the delegation; I ran it. I saw that the positions were worked out and that when we went to the meetings we were prepared. We had all the proper papers, and everybody was briefed and knew what he was supposed to do.

At this point I knew the stuff backwards and forwards, I must say, although it was terribly difficult, with the number of committees and commissions that you had, to keep track of where everything was. At some stage--I don't know when it was--I decided that we should keep a very full record of our own of the actual discussions. The British in London had prepared a summary record. The British are very good at running secretariats, and the British records were quite good. When we got to France this obviously didn't work out. There was, I guess, a

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record of decisions, but that would be only of specific things that were decided. Beyond that there would be no detail. In the things that I participated in, I felt that if we were going to write documents that were supposed to govern relations for some period of time, we ought to have a pretty good record of what happened in the discussion that led to the adoption of these documents. And so we began the practice of preparing a record--though not a verbatim record, because we didn't use shorthand reporters; we used trained people from the substantive side. They were supposed to draft a very full record, written in indirect form; "Mr. So and So said," "he felt so and so," "this, that and the other thing."

We kept a very full record of everything that went on, in the economic field at any rate, and that record still exists in the Department of State.

MCKINZIE: You sent these records back to the Department?

REINSTEIN: Yes, we sent them back to the Department. As a matter of fact, we used to mimeograph them, and we got a special lightweight kind of paper for purposes of sending them back to Washington, because it was lighter weight than the normal mimeograph paper. It left something to be desired in terms of legibility, but it

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was quite legible. And we sent back and distributed around Washington a full account of everything we did. We also sent reporting telegrams.

I don't know whether it's relevant to that particular period of time, but it was generally my practice, in those meetings that I attended and where I was the representative, to write the recording telegram myself. The minute-taker would be too concerned with getting down the minutes and he or she might miss the play. In the negotiation, I knew what I was after, but the person who was taking the record didn't necessarily know what my motives were. So, I always made it a practice in my own negotiations--and that is extending over a very long period of time--to write, as far as possible, my own reporting telegrams. I didn't always do that, but whenever I could I did. I would then interpret what I saw, sitting in the central position as the U.S. representative. There were times when I was not the U.S. representative, and I occupied another position.

MCKINZIE: Did that trip back to Washington and the sending of these fulsome accounts generate any more departmental support than you had during the first session?

REINSTEIN: No. At that stage it really wasn't necessary, because when the real decisions were made the Secretary of State was there and the two leading members of the Foreign Relations Committee were there; we really didn't need Washington. We had developed within ourselves a sufficient capacity for handling the problems, by and large. We had enough economic talent and legal talent to take care of our own problems, and that went down to questions of some detail.

I remember sitting one time in the Balkan economic commission, and the British and the Soviets had a terrific growl about something to do with liability for cargoes on barges; they were arguing about what the law was. I think that Bill Bishop was sitting next to me. The Soviets were making an argument about what the legal aspects of this thing were, and, somehow, one of the things I studied at Georgetown was maritime law. And the Soviets made some argument. We're staying out of this one, altogether. The French were in it, though; the British, the French and the Russians were going after it tooth and nail.

And I said to Bill, "Now, the Soviets are wrong on a point of law, but I can't remember why." It kind of bothered me, and about two days later it finally came

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back to me what the issue involved. Maybe it's not a part of continental or civil law, but it is relevant to law in the Anglo-Saxon countries. In common law countries, the common carrier cannot limit his liability by contract. This does not apply, however, to maritime law. In maritime law, you can write in any limitation you want. The argument which they were involved in was an argument about the responsibility of barge owners to the ultimate owners of the cargoes and how this affected claims. I'm not sure that anybody who was in the argument really knew what he was talking about, but I cite this as an illustration of the fact that we had us a built-in capacity to cope with points of certain amount of detail.

On technical questions, by and large, I think that we had gone beyond the need for help. We had laid out and told the State Department what we wanted to do about a lot of things. The basic issues were issues of policy, and on those issues the decisions were made by top policy people.

Let's take some examples of that. We had been fencing around with the Soviets on the subject of reparations from Italy. As I mentioned at an earlier stage, the Soviets had put forward a proposal that the Italians should pay them 300 million dollars' worth of

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reparations, on the ground that there had been an Italian division on the eastern front and they had caused a lot of damage. To the Soviet Union, all reparation amounts seemed to come out to so many hundred million American dollars, depending on the size of the country, without regard to any particular facts.

Well, this was a point at which we were pouring aid into Italy, and we had really no particular enthusiasm for having the Soviets siphon off things at one end while we were putting something in at the other end. The Congress, once the war was over, had shown us a complete lack of enthusiasm for continuing to put out money for purposes of this kind. So, this was a genuine political for us.

Well, we fenced around with this issue in the Italian Reparations Commission, in which I was the American representative. I'm not sure exactly what my instructions were, except that they certainly weren't to agree to any Soviet demands for 300 million dollars. I think that probably my instructions must have been to play around with the subject to see if there was any way of working out some kind of feasible compromise, and I did try to do that.

I tried two things. One was to find out what in

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the world it was the Soviets wanted, and I asked Dekanozov if he would give us a kind of demonstrative list of the kinds of things the Soviets wanted to get out of the Italians.

We had consecutive translation, which meant that you said what you said and it was then translated into two other languages, which made the proceedings extremely lengthy. The staff of interpreters we had were extraordinarily able.

One of the things I learned in that particular period is that negotiation is something that people have to learn. It's been suggested to me that I write a book on the subject, and since I had a good deal of experience, perhaps I should. I've played around with the idea, but I've never given it enough thought to give it form, exactly how to do it. There are a few books on the subject, but I've never read any of them. I'm told they aren't terribly good, but that's the statement of another group of people, and I don't know whether it is justified or not.

There are many aspects in negotiations that are very important, and I'll mention two of them. Of course, when the French talked I didn't have to, because they spoke French, which I could understand, and I didn't need the translation; but when the

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Russians talked I always looked at them and listened. I noticed that people who didn't know Russian (this is particularly true of the British) would often pick up a newspaper or something like that and read it while "intervention" was taking place, as it is technically called. Then they would pick up when the translation came along.

Well, I always listened, just to look at the person's expression, even though I didn't understand what he was saying (I had a slight knowledge of Russian, but not enough to enable me to understand). It seemed to me important, and I would say that this was in general an American practice, but not universally so, because there were an awful lot of things that you would have to do when you are carrying on a conference and you are getting notes.

For example take the order in which you sat in those meetings; it was quite important. If you'd take north, south, east and west; north would be the U.K.; east would be the Soviet Union; south would be the United States; and west would be France. That meant that we always had to speak immediately after the Soviet Union.

Now, it was the general practice, at most of the meetings I attended of Foreign Ministers, that Bohlen

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would sit right next to the Secretary of State. He would interpret into the Secretary's ear at least the gist of what was being said by Mr. Molotov, or Mr. Vishinsky during this brief period when he was Foreign Minister, which meant that of course you then get a translation after that. You got an English translation which would be detailed and a French translation which would be detailed, but the Secretary of State already had a foretaste of what the Soviet statement was and could begin to think about what his response would be, because he was the next man to speak.

And the American Secretaries of State, regardless of who they were, were extremely attentive to the subject. They didn't ignore anything that Mr. Molotov or anybody else said.

Now, at my much lower level, I didn't have anybody to translate for me, but I did watch the man's face. And they were Russians, with rare exceptions. One fellow was from one of the Caucasian republics, an important fellow we dealt with who was an Armenian, I think. But by and large, they were Russians. And the Russians--even when they cracked a joke--would deliver it with a straight face, so that you wouldn't get the joke until you got it from translation. Now, my knowledge of Russian is probably limited, because although I have studied it twice, it's a fairly

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difficult language. It has a different alphabet than ours, a highly complex grammatical construction, and it does require much more attention than I ever gave it.

On the other hand, in the discussions we had, since we were talking about the same things over and over again, certain words would appear and reappear and you would recognize them and their form. Now, of course, Russians have taken over certain Latin words and put them in Russian form, so you had something like "restitution of looted property," when "restitution" was "restitutsi." And "reparations" was "reparatsi." So if somebody was talking about "reparatsi" and "restitutsi," you knew what he was talking about. "Property rights" and "interest" I don't remember, but they also came out in some recognizable phrase.

One thing I learned about consecutive translation was that if you wanted to get your thoughts across accurately, never say more than one paragraph at a time. Although our interpreters were extraordinarily able, they sat there and they just made little doodles and then would go on for 30 minutes and would repeat what had been said.

Nevertheless, if you wanted to be completely sure that you had it exactly right, the right amount of stuff to put across at a time and also to keep up your

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audience interest was one paragraph. Say one paragraph and let that be translated. The other thing that I learned is that I have developed a trait, my own style. Anyone who is a professional or an artist (negotiation is either a profession or an art) develops a style, to make a precise statement but then to color it at the end with a final sentence.

For instance, you might say that some proposal was completely unacceptable, and then you would go through and give a whole set of reasons why 1, 2, 3, 4, 5, 6. Then, on the very end, you might say, "Well, on the other hand, perhaps if this were presented to us in a different form or if we had some further explanation, perhaps we would find something in it we could look at." And I found that very often the interpreters would leave off that last sentence, and the whole

effect of what I was trying to accomplish would be completely lost. So, I therefore made it a practice to listen to the interpreter and try, to some extent, to follow it.

As I say, I, therefore, did pay some attention, in this reparation discussion, to Mr. Dekanozov, on this particular point. The interpreter completely misunderstood my proposal, and I corrected him in Russian. I said, "That's not what I said." And I said

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it in Russian.

Now, this was one of the efforts we tried, to find out what, as a practical manner, they wanted and whether there was some way of accommodating ourselves by using a demonstrative list. I think that everything they put on that list was something that we were either supplying to the Italians or in which the Italian production was in a state of absolute chaos and we were supplying them machinery to get it going again. I'll say that the list did not give us any particular comfort.

I did try and put together some kind of face-saving proposal, and one of the ideas I had was that the Soviets had just joined the United Nations. It was in the days when, of course, we weren't flying across the Atlantic very much--we were but they weren't--and they were going to have to get people to New York fairly regularly. It occurred to me that they could use a couple of passenger liners. And when the Italians arrived, I consulted the Italians about this; they absolutely loathed the idea when they discovered it. Of course, a lot of the Italian merchant fleets were lost in the war, but they did have a couple of liners. I suggested taking these liners away from the Italians and giving them to the Soviets. This would

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give the Soviets a means of getting their people to New York, and they could even put them up on board ship. They had real problems, as we found out later in that very year, in housing their people when they were trying to cover the U.N., Lake Success, and the meetings in the Waldorf Astoria. I thought that this might have some value, and we should try to see if we could give them a couple of liners, which would be the first ocean liners that the Soviet Union ever had.

They just launched the one that's going the New York run, the Lennintov, and this is the first Soviet ocean liner that has ever existed. Granted, these vessels were built in 1927. I had not been on either of them, I did go later and look at one of them. But a 1927 vessel in 1945 was not a bad vessel, and I had made discrete inquiries to discover what they were like. I felt, "Well, it's too bad for the Italians, but they've got to cough up something."

And this was part of the deal (and obviously this would only be part of it). We could do that, and then we could take a look around for some other things and finally put together something that the Soviets could say that they had gotten and would compromise. The Soviets made a point about this, and a very interesting point. They said that Soviet public opinion would not

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understand if they didn't get reparations from Italy. The Soviet people had been invaded, the land had been devastated by the Fascists, and they were having to work very hard to put things back together again. All they wanted was that people like the Italians should have to work as hard as they did.

This is a point to which no one could really, basically, take an exception. It was an understandable point. I was very much interested in it at the time. This was at a time when Stalin was still in power, and the Soviets had talked about public opinion in their country. I don't think that they were putting us on, really. I think that they meant that. They meant that, because every government, regardless of how tyrannical it is, rests, if not on the explicit consent of the governed, at least on the lack of willingness of the people to take necessary action and throw it out. I think this is a point that people miss about tyrannical government; when it becomes too tyrannical it gets thrown out.

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[Fifth Oral History Interview with Jacques Reinstein, June 22, 1973, in Washington, D.C. by Richard D. McKinzie, University of Missouri-Kansas City.]

REINSTEIN: In preparation for this interview, I have looked at Mr. Byrnes' book *Speaking Frankly*, in which he discusses our efforts to make the peace. I found that, in the first place, his interpretation of the reason for the breakdown of the London Conference of 1945 was the disagreement over Eastern Europe.

I had suggested in an earlier interview that perhaps it was the afterthoughts by the Soviets about Iran. I had connected this with the rather odd view of Mr. Molotov that one should expunge the records of the discussions completely, that none of the records of the discussions would be regarded as having any validity. This, therefore, wiped out any agreements that had been reached, and one of the principal agreements, I thought, that had been reached was the agreement to withdraw Soviet forces from Iran.

This may well be that the Eastern European difficulties were also a part of the picture. In Mr. Byrnes' book, he describes private conversations which took place, at which I was not present, though I assume that Chip Bohlen was present at all of these, as interpreter. But there is another dimension to the London Conference, more than what went on in the

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conference room, and my participation is limited to the conference room.

I did comment in our earlier discussions about the growing difficulties we had over Eastern Europe, over our differences with the Soviets, and the internal disagreements in the State Department about going to the mat with the Soviets on these issues during the war. Certainly,

once the hostilities had come to an end our difficulties with the Soviets, our disagreements with them sharpened immensely. They are set forth rather briefly in Mr. Byrnes' book, but, nevertheless, quite usefully.

I may have erroneously implied that the Potsdam Agreement itself described the manner in which the smaller countries would be associated with the making of the peace treaties. Mr. Byrnes' book points out that this was a question of procedures which was dealt with in the Council of Foreign Ministers.

I do think that my previous description of the concept which the great power had of the role that they must play in the world and which was incorporated both in the Charter of the United Nations and in the Potsdam Agreement, regarding the making of peace treaties, is a correct one. If I did imply that the procedures for dealing with the participation of smaller countries was

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dealt with in the Potsdam Agreement, that is incorrect.

Now, I refer then to Mr. Byrnes' book, *Speaking Frankly*, particularly to a text beginning at the bottom of page 103. It is Mr. Byrnes' description of the arguments about the participation of China and France, even in the discussions. It's interesting that when this difficulty arose with Molotov, Mr. Byrnes' position initially based his interpretation on the language of the agreement as it was written and as he heard it discussed there. He says that when the difficulties were raised by the Soviets he took the matter up with the President. He tried to get a hold of the President directly, but could not, and dealt with him through Admiral [William D.] Leahy, to make certain that the President's understanding of the Potsdam decision was the same as his own.

This entire incident is an extremely revealing one. These particular passages in Mr. Byrnes' book, I think, makes very clear the beginning of serious difficulties with the Soviets.

They began to emerge just as soon as the war was over. They emerged in Germany, in the Allied Control Council. I was reading the telegram traffic between Berlin and Washington, while I was at London, as I had been doing previously in Washington. The difficulties

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were beginning to unfold before our eyes. They were obscured to some extent by the difficulties we had with the French. The French, not having participated in the Potsdam Agreement, were objecting to almost everything until there had been a basic agreement of which they were a party. To some extent, I think that this tended to mask the real differences that were arising with the Soviets. The difficulties that we were having in the other defeated enemy countries certainly were emerging with great clarity in Romania and other Balkan countries.

Let me go back to the procedural arrangements for making the peace treaties, which Mr. Byrnes describes. He describes the compromise proposal that he made, of his own insistence, that the

smaller countries should participate in the making of the peace. He describes this proposal and says:

"It provided that after the treaties had been drafted, all of them would be submitted to a peace conference that would include 'the five members of the Security Council, together with all European members of the United Nations which supplied substantial military contingents against members of the Axis.'"

Mr. Byrnes then continues with this sentence:

This was so worded because Molotov took the position that the Soviet Union would not attend if Argentina were invited.

Now, I might interject to say that something like

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this compromise proposal Mr. Byrnes made was ultimately adopted. It's not exactly the same, I think, but it's pretty close to it. It's logged by stages, partly through the conference that took place in Moscow at Christmastime and then a later understanding in Paris by the Foreign Ministers.

Now, this sentence about Argentina rather fascinated me, because it stimulated a recollection of something in my mind that I thought that I might usefully record.

When I was at the NATO Defense College we had as a lecturer (and I don't recall his name) a German scholar whose father was a Communist and who went to Moscow. This man, as a young man, was trained by the Soviets in Moscow. At the end of the war he was sent by them to work with [Walter] Ulbricht. He told me, in a private conversation I had with him when he came through Rome several years ago, about a rather interesting point. His job was to read newspapers for Ulbricht and bring to Ulbricht's attention various incidents. Ulbricht had at that point already been installed by the Soviets as the head of the German governmental apparatus in the Soviet zone.

One of the instructions that this young man received from Ulbricht was to bring to his attention

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any reference to Argentina, an instruction which he found extremely strange, because it had no relevance to any of the other guidance which he had about these matters he was to bring to Ulbricht's attention. Nevertheless, he obviously carried out his instructions.

He said that one day he reported to Ulbricht that Argentina had been invited to participate in the San Francisco Conference, which was initially to be attended only by the United Nations in the

original sense of the words--the nations that participated in the wartime coalition against the Axis powers.

He said that when he reported this to Ulbricht, and Ulbricht said, "All right, that's that; that means the end of our cooperation with the Americans." The German told me that his interpretation of this meant that the Soviets had given Ulbricht some indication that this was their test, apparently. I don't think Ulbricht would have reached this conclusion independently. He had been assigned to this, in fact, by Moscow.

This was a rather curious and interesting point. I don't remember in point of time exactly when this happened, but I think that I was around the State Department when the argument was going about this. Let

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me provide a little of the background about what the significance of the argument was.

During the war a number of the Latin-American countries, which were geographically close to us, not including Mexico, but including the Central American countries, maybe Cuba and down to as far as Columbia, declared war on the Axis countries, certainly on Germany and Italy, as a gesture of solidarity to the United States. As a matter of fact, some of them had difficulties later. I can remember being approached some years later by the German Embassy and asked to put pressure on the Nicaraguan Government to resume relations with the Federal Republic of Germany on terms acceptable to the Federal Republic.

I told the German counselor that I would, under no circumstances, be a party to this, that the Nicaraguan Government had declared war on Germany as a gesture of solidarity to the United States, and the United States would never forget this. The German Government, regardless of our relations with them, could expect no support from the United States in putting pressure on Nicaragua for having joined us in the war against Hitler's government.

Those countries which did declare war--I guess they did include Brazil, which sent a military force to

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fight on the Italian front--and the countries which did not declare war did also cooperate with us in our efforts to prevent the Axis countries from using their businessmen and their business subsidiaries as instruments for the conduct of the underground war against us, for economic warfare, subversion, espionage. These were conduits for the financing of the German espionage system, and, indeed, provided means for military operations.

Now, I'd say that the one country that did not cooperate with us, and in fact probably gave aid and comfort to our enemies, was Argentina. We put great pressure on the Argentines to assist us, but to no avail.

I underline that these are not idle matters, these were serious. As an example of this, I cite the fact that the Germans had been able, successfully, to establish a fueling base for submarines ten miles from my home town, Savannah, Georgia. There was an immense loss to American shipping in the Florida straits. When we went to war the pipeline for the transport of oil had not been built, that was built later--it was called the "little inch" I think, and then the "big inch." The industrial part of the country at least in the eastern part of the country, was dependent for fuel

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oil, obviously for industry, but for other purposes such as on the generation of power, and to the extent it was used then (at least that's what he says) on shipping.

The oil was carried by ship. The Germans had a very small submarine force. We know now what the size of the submarine force was, and it was able to accomplish an extraordinary amount with a minimum amount of submarines. They sank vessel after vessel in the Florida straits and farther north, of course. We tried very hard to give them some protection but it was a brown-out. It was very difficult to get the Americans to cooperate in this. These vessels were absolutely sitting ducks as they went slowly along against the brightly lighted sky at night, and the Germans would torpedo them one after another.

Well, the Germans had been able, through some arrangement to set up some kind of a fueling base in the tidal waters just outside of Savannah, Georgia. One night a very simple black man saw a light out in the marsh area. In that particular part of the country you have solid land up to a certain point, and then beyond that the marsh country begins with hummocks of solid ground occasionally, islands. In that particular area there's practically no solid land at all; it's

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just continuous marsh country, interspersed by creeks, rivers and tidal waters. And this man saw a light at night where there was really no reason for a light to be. He had the wit to go and report this to somebody. And apparently, people were sent out to investigate, and they captured a German submarine fueling.

This was all kept very quiet. I don't know what reasons the authorities had to do this, but one of the reasons may well have been that they didn't want the Germans to know, because they captured the submarine intact. They probably captured their codes and everything else, valuable information. You don't catch a submarine intact very often, you destroy them. A captured submarine would have extremely valuable intelligence information of all sorts. If you are able to get their codes, you're really onto something very good.

Just as a footnote I might add that the submarine was towed into the main harbor of the town. Although nothing was published in the papers, the word spread very rapidly. There had been a number of local boys who had lost their lives on ships that had been sunk off the coast, and, as a matter of fact, there was a good deal of sentiment for lynching the crew. The authorities had some difficulty in protecting them and

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observing the protection that they were entitled to under the Geneva Convention.

This illustrates the seriousness of the problem and why we were extremely eager to have as much help, not in terms of fighting forces, not in terms of having to declare war, but in terms of cooperation to prevent the use of their territory as bases of operations of any kind against us.

Now, at this point one might recall that naval actions of two wars had been fought off the Argentine coast, but they did not state battles in the first war off the coast of Argentina after I guess that the Argentines had been forced to--I don't remember all of the details of this now, but immense thought had been given not to harbor this vessel or to give it supplies. At any rate, this was an important point.

Now, when the war came to an end we were confronted with some very real difficulties about how to deal with Argentina. I can recall these debates that went on in the State Department.

First, the problem with respect to Argentina at that time resembles, in some way, the situation we have with regard to Cuba now; the Latin-American countries do not like to have one of their group treated as an outsider, an alien, because it is not joined in with

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the rest. I think that we were under a great deal of pressure from the Latin-American countries to allow the Argentines to come to the San Francisco Conference. What happened was that they were invited, sort of invited, to attend or something like that and allowed to sign, but they weren't actually allowed to participate. That would sort of put this in a proper time frame, I think, because the conference itself opened much earlier than this particular incident that I have alluded to and which I referred to in my conversation with the Germans.

Having looked at Mr. Byrnes' book, Mr. Byrnes gives a kind of setting for these discussions that we were having which I think is very useful and perhaps elaborates on one point that I dealt with in my last conversation. He refers, on page 124, to the discussions of the deputies. The agreement at Moscow was the agreement between the Soviets, the British, and ourselves; when I referred to the Moscow meeting I overlooked the fact that Bevin was also there. The French were not invited, because the participation of the French was one of these problems that in our discussions was one of the points of issue at London. Mr. Byrnes had initiated the discussion at Moscow in an effort to find some compromise.

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I think Mr. Byrnes' book is very useful in clarifying two points that I think are terribly important and that perhaps one has lost sight of in the discussions of this period. One is the degree to which the United States constantly was seeking to reach compromises when things got into difficulties. Now, this was not exclusively an American activity, because we will find, for example, that sometimes the French were the people who put forward compromises. The French, in a sense, were in a kind of intermediate position between the Soviets on the one hand and the British and ourselves on the other, in the sense that up to a certain point there were Communists in the Government. And even after the Communists left the Government--and I can't remember exactly when that was, but I guess sometime in 1946--they still decided to act, to some extent, as the intermediaries, to overcome differences of opinion between the British and ourselves.

The British and ourselves having fought the war and having borne a great part of it--we find certain reflections of this, particularly as far as the British were concerned, in Byrnes' book--were not about to award the pieces of territory to the Soviets for their participation in the war. They were attacked by the

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Germans but after all, they helped start the war by making a pact with Hitler. When Hitler turned around and attacked them, they had a hard time of it. It was quite clear that Mr. Dean, Mr. Churchill and Mr. Bevin subsequently felt that the Soviets should not be rewarded for their having defended themselves by being given territory outside of their area, having the Balkans handed over to them or anything like that, looking at it from those terms.

The Americans, on the other hand, looked at it much more in terms of human rights. The British view about the Balkans, was a power view; the British had been there. They supported the Turkish empire against the Russians, and then they fought against the Turks and had been instrumental in breaking up the Turkish empire. They had long experienced an interest in there.

The Italian relationships with that part of the world were really quite different, I guess; there were things like Robert College. And, of course, there are numerous Americans who come from those areas, from all these European countries. Undoubtedly, American politics are affected by those connections.

The style of the American view, it seems to me has been the view that goes back to Mr. Wilson's time, that

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people should have a right to govern themselves as they wish. They should not have government that is imposed on them by other countries. This has been a rather consistent thing in American foreign policy from the very beginning of this republic; we find it over and over. We find aberrations from time to time, but, on the whole, this runs in a consistent line in American

foreign policy, people should have a right to govern themselves, and they are entitled to certain basic human liberties. You can go back to the last century, before the United States became a world power, and you'll find that the American Government, lecturing the Russian Government about pogroms in the Ukraine and protesting the violation of human rights. You find exactly the same thing happening that you find happening in Washington today, when Mr. [Leonid Ilych] Brezhnev was here and people are complaining about the treatment of the Jews. That's not because the Jews were all that important in American life. I don't think that "Scoop" [Henry M.] Jackson depends on the Jewish vote to get elected in his home state. But there is a consistent American view on the fundamentals of human rights and rights to govern themselves. They appear over and over again, and these have been consistent issues at work in our relations with the

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Soviet Government.

Now, we're in the process of seeing whether we can get around some of these difficulties. We've got two major problems at the very moment troubling us in this field. One is the Soviet treatment of the Jews, and this links up to our trade relations, in which we will find some practical solution. The other one, which is going to be a very difficult one to resolve in our European negotiations is the Brezhnev doctrine, which I don't think the United States can ever accept in any form. I think there is going to have to be a give on the part of the Soviets on that.

You find these same difficulties, in really a much more acute form in a way, in the period we're talking about in 1945. Mr. Byrnes' book is very instructive in that regard.

Now, when you got down to the actual negotiations of the deputies, of course, these issues did arise in our discussions even in the technical level. At any rate, Mr. Byrnes identifies the three main issues that the deputies were attempting to grapple with and did not make any headway on; reparations, the colonies and the Italian-Yugoslav border. The colonies question was a rather primary question of Libya, Tripolitania as it was then called, and the Soviet's desire to have a

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presence in the Mediterranean, which the Western powers were not prepared to accord and the British particularly objected to. Apart from all other considerations, the fact that they fought [Erwin] Rommel across that territory and the Italians across that territory would make it extremely difficult to see how the British could ever have agreed to that.

It had been agreed at Moscow that there would be a peace conference after the completion of the drafts and before May 1. May 1 was set as the deadline, but no agreements were being reached.

Now, Mr. Byrnes says something here which I had forgotten. He says that the Soviets submitted complete draft treaties for the three Balkan states. He says that the Soviets drafts were very brief documents, in fact, a little more than an extension of the armistice terms and that some progress was made towards procuring agreement to the amendments offered by the British and the United States.

I don't know what he means exactly by that; I'd have to go back to the records and refresh my recollection. But I think this is related to the point I make about the instructions given by Mr. Dunn that the American delegation should submit three complete drafts of the treaties, and I did not recall this

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particular thing that Mr. Byrnes mentioned. One of the considerations in Mr. Dunn's mind, and the reasons that led him to ask us to submit complete drafts, was the fact that the Soviets had put these rather abbreviated drafts, that didn't deal with a number of the subjects which we felt had to be dealt with in a peace treaty.

Now, Mr. Byrnes says, "As the weeks went by, the deputies reached agreement on so few clauses it was clear that drastic action would have to be taken to keep our promises to the world." He sent a message to the other Foreign Ministers, suggesting that the council meet in an effort to speed up the sort of the deputies, and the deputies meeting was to be held in Paris. "We had agreed that Paris should be the site of the peace conference, now we agree to have the council meet there also. I was reasonably sure that in Paris," says Mr. Byrnes, "where the Communists were very active in French politics, in fact, members of the government, Molotov would be less obdurate in opposing French participation and discussion in all the treaties." And, in point of fact, when they met in Paris Mr. Molotov agreed immediately that the French could participate. The Chinese got left off, they remained at home. I suppose they were at the peace conference, but I can't remember their participating; I don't think

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they did. In that respect, the final formula for the peace conference was somewhat different from the compromise proposed by Mr. Byrnes in London. He had proposed that all five members of the Security Council participate, and under that formula the Chinese would have participated. I think they were confined to the act of belligerence, because the Chinese had not engaged in any war-like activities in the European countries.

Well, Mr. Byrnes' book, aside from reparations, does not really deal with the other economic issues. As I said, my own recollection is a little imprecise on how much of an area of agreement we reached on the economic clauses in the early part of the Paris discussions. I think I did explain that all the while the major action was taking place on the political and military issues which the Ministers were discussing, there was a committee structure which was engaged in examining the various texts which had been by that time proposed and debating them. I don't

think we reached agreement on them. We didn't reach very much of an agreement, but we did run over this text and get a good deal of basic work done in the committee.

Perhaps I should make clear to you that they passed the May 1 date. There was no peace conference

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and there was no agreement as to when there would be a peace conference. The discussions began apparently on April 25, among the foreign ministers, and continued until May 16. "On May 16," Mr. Byrnes stated, "we readily agreed to take a recess and meet again on June 15th." In that interim I came back with Mr. Byrnes to Washington to try and work out some problems with the State Department, but primarily to recruit staff for the American delegation, laying the basis for staffing adequately the peace conference which we would eventually have.

Now, the deputies and the committees met while the Ministers were meeting in their sessions. They took a holiday while Sam Reber and I came back to Washington and worked here. We made our way with difficulty back to Paris, because of the rail strike in New York, and then they resumed. When Sam and I got there they had already started meeting again, and they met in the interim before June 15, when the Ministers resumed their discussions and met into the early days of July.

In those meetings of the committees, we did make progress in developing texts on a number of the articles of these treaties of peace, even though they were not agreed texts. In the economic committee, for example, we did review the actual text of the proposals

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which had been made and considered various arguments about them. In many cases, the Soviet Union, on one side, had really no position or had no interests. Byrnes' description of the context of the Balkan treaties demonstrates that they had no investments, they had no patents, they had no copyrights--they had none of the problems that the war causes to normal commercial and financial relations.

Whereas, for us the war had disrupted the relationships and distorted them, and in many cases the relationships had been forcibly changed. So, with respect to all of these matters, it was necessary to write out technical provisions for putting the things to right.

Now, the Soviets in most cases had no interest in these subjects and had no proposals at all. The British and the French had proposals, and as I said, as a result of Mr. Dunn's instruction in relying on such work that we had been able to do ourselves, we had put forward proposals. In general, I think the American proposals tended to be somewhat more generous towards the defeated enemy countries, more than the British and French proposals. As a practical matter, in most cases, even if we didn't agree (and in general we often didn't get formal agreement on these matters), there

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was a tendency for the solution to find itself somewhere around the American position. The American position was not an inflexible position when we were confronted with other considerations; there were changes to consider. In those cases in which our positions were more moderate than the French and the British, the French and British generally realized that there was no possibility of their making their viewpoint prevail. So, in many cases they accepted our proposal, which then came to be identified as tripartite proposals.

The Soviets might have perhaps put up some other kind of proposal, a counterproposal. There were cases in which the British and the French did not accept our position, and in those cases we had the interesting situation that the Soviets would accept our proposals and associate themselves with them, so that we have a U.S.-U.S.S.R. proposal and the British and the French proposal. But there was a continuing process of negotiation and evolution of the text of the treaties--although not an adequate one--during all of this period.

Now, of the main problems in the economic field, the first was the Italian reparation problem. There was also a Bulgarian reparation problem, because the

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British were supporting Greek demands for reparations from Bulgaria. Then, finally, there was a question of whether the defeated countries should be held responsible for damage which had been caused by them to investment interests during the wartime period. Generally, they had taken over control of the properties of the enemy countries, our country. In various cases and in various circumstances, these properties had suffered war damage or damage through administration, and there were proposals for holding them responsible for returning the properties in the state in which they existed beforehand. And these were the main significant economic problems. I will lay aside special problems connected with the political settlement, such as those connected with the Trieste problems, which has to be dealt with differently. This functioned as wholly separate.

Now, on the Italian reparations problem--and I think Mr. Byrnes has mentioned this--our difficulty was that the Soviets were asking for a very large reparations settlement. They initially, Byrnes says, asked for 600 million dollars. I think that if they did, they cut that to 300 million to be divided between themselves and the Yugoslavs. I don't think they wanted to give the Greeks anything, and I can't

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remember whether they included Albania. Italy had occupied Albania, but I don't know whether Albania was entitled to anything.

As a matter of fact, there was a technical question as to whether they were entitled to reparations at all. The Albanians had never put up much of a struggle, whereas the Greeks put up a terrific struggle and actually were defeating the Italian armies until the Germans came to their rescue.

At any rate, there was the issue about what the Soviets were requesting for themselves, also giving some to the Yugoslavs, which at that time was very closely associated with the Soviet Union. Tito did not appear until a couple of years later.

Our difficulty was that after we had occupied Italy we found a country whose economy was absolutely, completely shattered. The country was fought over practically inch by inch, so that there was extensive war damage. The Germans, as they retreated slowly northward, establishing successive lines of defense, systematically had destroyed an immense amount of property, and generating plants, and things like that. They would, for example, before leaving an area, throw a bunch of hand grenades into the generating plant, which would effectively put it out of operation for

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months. Beginning in Sicily, we found on our hands, not only the problem of feeding the Italian population, which was a major problem, but the problem of getting the economy going again. And it was an extraordinarily difficult enterprise.

MCKINZIE: Did you have any study that indicated what the Italians might be able to pay in a reparations settlement?

REINSTEIN: The amount we had in mind was zero. We were continuing to pour money into Italy, and we had very little enthusiasm for having the Soviets siphon it out at the other end. We thought we'd get into a lot of trouble with Congress and wouldn't get the Congress to go along. If there was anything that the Congress would be allergic to, it would be to pay reparations to the Soviet Union under the guise of aid to Italy. Although we were wartime Allies, the view of the Soviet Union was not one of the warmest affections on the part of the American Congress. I think the termination of the lend-lease arrangements is a good practical illustration of a judgment as to what the temper of the American people was. The Soviet behavior in the Balkans and in Poland certainly did nothing to improve their image in this country. Our general attitude was

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that we were concerned that in any kind of reparations settlement might well make it difficult for us to get any continued aid.

Now, we did recognize that the Soviets had a problem. The Soviets were saying to us, very earnestly, that the Italians had participated in the devastation of their country; all they wanted was the Italians to have to work as hard as they did to restore things after this war was over. They did say to us that Soviet public opinion would not understand if there were not some signs of reparations settlement for Italy.

Now, this is in the days of Stalin and you might be cynical about this and say it is ridiculous to talk about Soviet public opinion, but I must say my own feeling is that this is fundamentally correct; there is such a thing as Soviet public opinion. It's much more vigorous now than it was then, but it did exist even then. The Government, after all, does have to justify, even if it's only to impose its rule on the people. No government can remain in power except with at least a passive acquiescence of the people. If the people don't accept it, there will be a rebellion, and then the government is in trouble. Even a dictatorship has to have a certain amount of acquiescence; they may

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bully and brutalize people into acquiescence, but they always have to have some people who go along without being engaged in this process.

And so I can quite understand the Soviet position that they had, for their own domestic purposes, to show that they got something out of it. We did, therefore, make proposals, and these proposals were set forth, as pointed out in Mr. Byrnes' book. This was, I think, the proposal which I evolved. It was an attempt to give them some kind of satisfaction without actually placing a burden on the Italian economy. The proposal as described by Mr. Byrnes, is probably accurate, and I think this is the one I worked out and proposed to him. I was the U.S. representative in the Italian Reparations Commission. It was that they would get 100 million dollars in reparations from four sources:

wartime industrial equipment not readily convertible to civilian use; Italian assets in the Balkan states; the Italian merchant ships, the *Saturnia* and *Vulcania* (which I've already mentioned); the naval vessels and other war booty captured by the American and the British navies.

Now, Mr. Byrnes goes on to comment on this. "Molotov claimed that war booty could not be considered a source of reparations. Strictly speaking, this is

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correct; war booty belongs to the government that captured it. Molotov asserted that the Soviet Union was entitled to a share of the Italian naval vessels through the Potsdam Conference. The U.S. and Britain agreed to let Russia share in the allocation of the German naval vessels.

"We told Mr. Molotov that the naval vessels were war booty. The Soviet Union was not entitled to any of them. The German vessels had been allotted to the Red navy purely as a gift. There had been no promise of our ever considering to make this gift war booty. They did not divide their war booty."

The Russians said that our value of these things, a hundred million dollars, was too high. They said it was, according to Mr. Byrnes, 30 million. I had at the time had gone back through some channel and had an evaluation made of the *Saturnia* and the *Vulcania*. These vessels were built in 1924 and by standards of trans-Atlantic luxury shipping were not in their maiden best condition.

As a matter of fact, I actually went aboard and had dinner on one of them in New York during the final New York Ministers meeting, and I had a look at it myself.

However, we did have an independent appraisal made. Of course, shipping was extremely scarce in

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those days, and a large amount of shipping, particularly this kind of shipping, had been lost during the war, as a result of war operations. The number of these vessels in existence of any size, was not very great, and we thought that they were vessels of considerable value and that the Soviets would find them useful. They would obviously have to be refitted, but that would be putting a quite different thing from getting the vessels intact, particularly since the Soviets had no experience in building vessels of this character and until very recently had not built any; I think that they now have one or two. So, the value that we put on them--I can't remember--was considerably higher. I think the value which we used in the negotiations was the value which I got from the independent appraiser. In the case of the Italian properties to the Balkan states, we also did an examination, we made the study and tried to establish what the value was. We had been engaged in this kind of operation because, under the Potsdam Agreement, the German external assets were divided between us and the Soviets, mainly coming to us. Then we were to satisfy the claims of everybody but Poland and the smaller countries out of the allocation to the U.S., Britain and France.

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So, we had had some experience in trying to begin to put a valuation on properties through our German experience, and we did try and get some kind of evaluation of these assets.

Whether we had been able to make up the hundred million dollars in this form or not, I think, probably was not clear. It would probably be a product of negotiations, and I think we recognized that. At any rate, the proposal didn't get off the ground; the Soviets didn't accept it. When the negotiations at the Foreign Ministers level resumed in June we came back to this topic, but the other subjects were really more in the forefront, the territorial questions. Mr. Byrnes' book I think is very good and clear on this point and there's no point in my repeating that.

There was a series of agreements reached on territorial matters, and by the beginning of July we began to see some of the light at the end of the tunnel--perhaps, on one condition which I'm not sure was discussed by Mr. Byrnes' book--that is that it was quite obviously impossible for us to produce agreed drafts of the treaties. There were always vast numbers of technical problems which had not been resolved in these treaties, issues between the Western countries

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and the Soviet Union because the Soviet Union hadn't accepted provisions. In some cases they had accepted provisions. There were some that were in disagreement between us, the British and

the French, and the Soviets were supporting the American position. We were obviously not going to go into the peace conference with four-power agreed texts.

However, the question was whether we could go to a peace conference with at least complete drafts, with the major aspects of the settlements laid out, leaving the disagreed matters unresolved and the entire text open to comment by these smaller countries. The point to which we came in the beginning of July was whether we could get all of the major points settled.

Now, these came to a head in the first days of July. There was agreement on the Dodecanese Islands and the Italian colonies, in which the Soviets finally moved in the direction that they considered a concession. There was no question about what should be done about the Dodecanese; they should go back to the Greeks. On the Venezia Giulia and the Trieste problem, we finally got some of the outlines of the settlement on that. There were still many details to be worked out, and the question of Italian reparations remained. We met on the fourth of July, and after considerable

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discussion they had agreed that the Ministers would settle both the reparations settlement and the date of the peace conference.

I think we began meeting in the afternoon, and we met continuously with one interruption, in which the Ministers went off and talked among themselves with only interpreters present. We reached agreement on the two subjects. On the reparations issue, we finally made concessions that the Soviet Union would have the assets of the Balkan states. They could also have any industrial equipment that was not necessary for the Greek economy. The key concession for Italy was that whatever was necessary to make up the balance of the hundred million dollars would come from current production, the condition being that the raw materials would be provided by the Soviets. In other words, the work would be done by the Italians, the Soviets would furnish the materials. We and the British were not expected to pay Italian reparations. It was a genuine compromise settlement.

I remember sitting in the room as we worked out this compromise and going over the language of Mr. Byrnes. Who actually evolved the compromise language, I frankly don't remember, but it was a real compromise. I remember Mr. Byrnes asking me whether I thought it

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was all right, and I said, "Yes, it was a satisfactory settlement."

Well, this left open the question of the claims by other countries other than the Soviet Union. That was left to the Peace Conference and was a subject of considerable discussion there, because there were legitimate claims by other countries--perhaps claims much more legitimate than those of the Soviet Union. The Soviet Union claimed that there had been an Italian division which had been on the Eastern front. There was one Italian division and a hundred German

divisions or something like that, whereas the Yugoslavs and the Greeks had their countries devastated by the Germans. The Germans were much more effective. At any rate, that was the reparations development.

As for the date of the conference, the date of July 29 was agreed to. We felt that we really made a breakthrough and agreed that the deputies would meet the following morning to make the necessary arrangements.

I was present at that meeting the following morning, and my recollection of what happened is somewhat different from that in Mr. Byrnes' book. My job at that time, my only job, was to be a member of the American delegation of the Council of Foreign

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Ministers. I had been effectively removed from the Washington bureaucracy. I was the permanent member of our delegation to negotiate the treaties of peace. When I didn't have anything else to do I went to the Ministers meeting and I went to the deputies meeting. If I didn't have a committee meeting of my own, as a matter of course I went to the deputies meeting. I sat in the second row and observed the proceedings.

Well, I noticed something that happened then. The French were to be the host government of the conference, and the French protocol people had already prepared all the papers that had happened all ready. All we had to do was to just go over them and approve them, and they were being examined.

During the course of the meeting I noticed that someone came in (this was taking place in the Salle de Pas Perdu, in Luxembourg palace). We had originally been meeting in a small room called the Victor Hugo Room, which, as I recall, had windows looking out over the garden. In the sort of center on that floor was this vast room. The building was built originally by Catherine de' Medici, and this one had been used by Louis Napoleon as his throne room. It was a vast room and got that nickname which the French used for any big room, including the waiting room of the railroad

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station, which was "the room of the lost footsteps," in which you tramp from one little quichet, or ticket window, to another always being told that you're at the wrong window. The name had been transferred to this room, which then had all the charm of a railway station.

The weather had gotten rather warm and when you put the delegations together there were at least a hundred people sitting around in a room that's not too long, heated up quite considerably. So, we had moved; the French had thought to move us into this larger room which was cooler, and we were doing our business there.

MCKINZIE: Were the French presiding?

REINSTEIN: No, the arrangements in the Council of Foreign Ministers were that the chairmanship rotated each day in the sessions, and it rotated depending on the body that met. For example, the ministers rotated whenever they met, and the committees whenever they met, so that you didn't necessarily have the same presiding officer by nationality.

As a matter of fact, there was a rather amusing little incident. The committees generally sat in the committee rooms of the French Senate, and one of the committees I was on involved a large number. I was the

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American representative on the Italian Economic Commission; the Balkan Economic Committee; the Italian Reparations Commissions, which was a little higher level body and was generally of ministerial representation; the committee for the port of Trieste on which I started off in London and on which I had as my British opposite number, an interesting person, but a man that was hardly qualified to deal with the port problem, Arnold J. Toynbee. The British were really quite short of manpower. I found Mr. Toynbee quite charming, but not particularly knowledgeable about the problems of how to set up a port authority, something of which I was not exactly an expert. On the other hand, in our business you master the details and find out what is involved; you get maps, you look where the lines are, and you figure out what's going to be what, what questions may come up.

That gives me four committees. I probably had a couple more. Also, whenever any business with any one of these committees went to the deputies, I was required to be present there, and when it went into the Ministers, I was required there. The deputies and the Ministers did not delegate all of their tasks to us. Once the Italian Reparations Commission found itself in disagreement. The Ministers took jurisdiction of

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reparation issues and therefore, they had this on their agenda and it was not in the committee agenda. There were certain items which the deputies kept on their agenda, so you were certainly moving back and forth from one of these committees to another.

Well, I was going to tell about an amusing incident about this system of rotation. When we first went to Paris we were assigned one room for some committee. It was a rather long room, and it had a somewhat narrow table with a large chair at one end. This presumably was the chair for the chairman. (I must say that when I was sitting there one time I idly had my hands under the table, when I found a piece of paper underneath. It came off in my hand, so I looked at it. And I found that it was in German. The Germans had probably requisitioned this table. Anyhow, they'd installed this table, and it had German inventory numbers and everything on it. I think I saved that as a souvenir, and probably in the masses of things I have around the house is that little piece of paper.)

Well, when we came into this room, we looked at it, and we said, "Well, that chair is obviously for the chairman," so whoever was the chairman had to sit in the chair. The whole delegation had to sit around the table at one end and the rest of us were strung out.

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The committee would rotate around the table so that the chairman could be in the big chair.

Well, this came to be so much a matter of practice that it somehow escaped our attention that at some point someone removed the big chair. We continued to rotate around the table without the chair. Once we noticed it we stopped rotating.

Well, this is all a diversion of the discussion of what was happening on the morning of July 5th. I don't remember who was in the chair on the morning of July 5th, but we were following the normal routine. The French had submitted a complete set of documents to us, issued staff invitations to each of us. The expectation, Mr. Byrnes says, when we resumed on July 5th and the conference was set for July 29, was that the invitations should be sent by teletype immediately and that the deputies could approve that in the morning and do it in the afternoon. The French could then get the telegrams out.

Well, during the meeting, I was sitting there rather idly, didn't really have any responsibility, and I noticed somebody was coming in on the Soviet side to hand what I recognized as a telegram to Vishinsky. When you sit around in meetings of this kind, you observe the other people; you spend hours with them.

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The number of hours that we spent in the company of these people, of course, came to a very large number. You know how they sit, you observe what their relationship with the delegation is, and you also observe anything unusual that goes on. We always noticed, for example, if the fellow who was their representative asked for advice; and this would be a point on which we would be particularly sensitive. If a point arose, would he go up to somebody for information or advice.

In the meetings of this kind the discussions were lengthy. We had consecutive translation, so that everything that was said in one language was translated into two other languages. This dragged the proceedings out to considerable length and they lasted a long time. The speed of the negotiations was extremely slow, and you had a lot of opportunity to read. Some people sat around reading newspapers and things like that; I never did. I always made it a point to watch what was going on. For example, when I listened to the French, I always listened to them in French rather than the interpretation. When I listened to the Soviets I would listen to them, too, particularly if I was sitting in the chair as the American representative. I would listen first to observe any expression on the faces of

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the Soviet representatives, although generally they were not terribly expressive.

And the rest was a matter of courtesy. It seems to me terribly rude for a man to be speaking and you not to be listening to him. You should give the impression of listening. And I would actually listen while they spoke Russian. As a result of this, I had a small amount of knowledge of Russian. I certainly became familiar with many of the Russian terms for the subject we were discussing. I could very often tell what the subject was they were talking about. Even if I couldn't get the exact meaning, I could get a few words.

I certainly was observant of the other delegations. I can't speak for other people. As to whether the Russians did this, I would suppose they did, although I don't know. This is partly a matter of an attempt at style; it was my style to watch and be observant at a meeting. I think it's rather rude to try to catch up on a little bit of your homework during perhaps a second translation on something that had little or no value or interest to you. There wasn't much reason to listen to the translation of the American statement into Russian, unless you particularly wished to be sure, and that was rather

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hard to do, that the translations were accurate. I did have a tendency to try to follow the translation. I didn't bother with the French, because even with the translation into French, the French understood English.

At any rate, you get to know what other people's working habits are to some extent--how they felt, who people are. One of the things that you got to know was what their telegrams looked like; they come in different colors. The Soviets incoming telegrams, as I recall, at that time were green. I observed that about midway through the morning proceedings a guy came in and handed Mr. Vishinsky what seemed to me to be a telegram on green paper. During the balance of the meeting the pace was slowed down, things got sticky. There was no actual difficulty, or breakdown or anything, but Vishinsky began raising questions about this and that, so and so, if we should put this off. Consequently, the business of the meeting did not get completed. That afternoon the report was made by the deputies to the Ministers, and it was basically on the issue of invitations.

The French had made some procedural proposals, and these were perfectly formal. They had suggested that the peace conference sit in two ways. We would have the sessions of the conferences itself which would be

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open to the public, and at these would be the formal sessions. Then it would have sessions which in fact would be the same thing, except that we would sit without the public session. It would call itself the steering committee or something like that. It's like the distinction in the House of Representatives, where you have the Committee of the Whole House on the State of the Union, which is exactly the same body, except that it has a different presiding officer, and a slightly

different rules of procedure. Of course, they made no distinction between public and private, though they do have executive sessions. They had sessions both public and private.

At any rate, in general, it was perfectly normal that discussions would go on without having representatives of the press or anything to do with press releases to the outside. The formal meetings would be public meetings, and you would have the press and they could take pictures and things like that. So the French proposed the rules of procedure, and it looked like this was an honorary thing.

Well, Mr. Molotov said that before we issued an invitation we had to settle the rules of procedure. The French delegation had submitted the rules of procedure which would permit this organization, called

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the steering committee, to make the peace conference what the interpreter called, "a rubber stamping machine." As a matter of fact, the interpreter who handled the translation into French did not have an entirely good grasp of the French language and translated it as a machine's enstampaige. An enstampaige means getting something out of somebody's pocket. But Molotov kept insisting that this perfectly normal proposal was a sinister effort to turn the peace conference into a rubber stamping machine, and that we had to work out rules of procedure and see that we had a proper way of holding a peace conference before we could send out any invitations.

Now, what did all this come to? In Mr. Byrnes' book, I don't think he puts his finger on what really happened. My own feeling is that Mr. Molotov exceeded what the Kremlin thought his instructions had said. When he reported on what had been agreed on July 4, he received a telegram the following morning saying, "Look, you do not have authority to do this." He was simply using up time while he was arguing with the Kremlin, first, "I thought that we had agreed that I could do this," and second, "we had agreed to a peace conference on a specific date, and the Soviet Union can't take the responsibility for stopping this

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anymore, regardless of the misunderstandings we have had among ourselves." I think that this was a wholly internal Soviet difficulty, and probably a very genuine one.

The minute that telegram arrived things began to slow down, and this was a telegram from the Kremlin saying, "Look, boys, you've exceeded your instructions." That's my interpretation and that is not in Mr. Byrnes' book. Mr. Byrnes got a wholly different impression, but I watched this. One of the things in our negotiations is to try and figure out whether the guy you are dealing with is able to deal with you or not.

I can remember the French saying one time that they could tell exactly the state of my relations with Washington by my gestures. I don't think they were right, but they explained to me that

they took my gestures into debate, and they said that when I used my hands in sort of a fairly definite way, sort of a chopping way, that meant that I was really speaking with Washington authority. If I used my hand in kind of a circular motion, that meant I wasn't certain about where I was.

I think they were quite wrong, because these were simply reflections of the means by which you use your

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hands to supplement the words you're using. They don't necessarily reflect the state of the relations.

Nevertheless, in any negotiations, the negotiator is constantly looking at his opposite numbers. Particularly in the Western countries, you are quite frank about what your problems are. As a matter of fact, to negotiate all these things you say, "Well, look, I'm sorry boys, but I can't get Washington or London to do this. They have this point that they attach importance to. I frankly don't agree with them, but I have clear-cut instructions on this point. I've got to have satisfaction on it, and can you help me find a formula?"

We did have that kind of relationship with the British and the French. We were able to discuss what our defenses were, if we had problems with our government, and where our interests were involved--points on which we felt it was important to have satisfaction. In general, we did have that kind of relationship with the Soviets, although on the reparations issues the Soviets did tell us what was important to them, and we did meet them on that point. There were other points in the negotiations, not very many, where again when they were frank with us, and we recognized a genuine difficulty on their part. We

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would try and find some way of meeting it. The purpose of negotiation is to reach agreement which is acceptable to the parties which they can live with.

Mr. Byrnes says that, in view of the differences that we had among us in Paris, we should strive for "equality of dissatisfaction," which perhaps is not a bad phrase. That is certainly the object of the negotiation, to try and reach an agreement to the extent that it is possible. One of the difficulties that we had in this particular negotiation was that the objectives of the various parties were so at variance with each other. The Soviet objectives were quite different from our own, and the problem we had constantly was whether we could find any acceptable grounds where we could meet.

Well, now in my view, the difficulty about this fixing of the date that we were sending out invitations was wholly a problem within the Soviet Government. Obviously, Molotov must have received a reprimand of some kind and was told that he had no authority to do this. He had to

hang up the invitation until he could get his lines cleared with Moscow, which he was finally able to do, but it took three or four days.

MCKINZIE: But no Russian in the delegation ever came to you

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and said quite clearly, "This is the nature of our problem, can you help us?"

REINSTEIN: Oh, no. No. He had apparently exceeded his instructions. I have no idea on what point he did, whether it was on the nature of the reparations settlement or something else.

MCKINZIE: Chip Bohlen suggested that it was because in the rules of the conference the Russians had not inserted their veto. It was just previous to that point that what Vishinsky wanted was the Russians right of veto in the highest council, of the peace conference and that this has not been written into the French proposals.

REINSTEIN: Well, they certainly put a proposal forward. I was looking at what Byrnes had to say. He said, "Mr. Molotov's proposals were intended to let the peace conference not reserve power to do anything but approve the work of the Foreign Ministers."

The original concept of the peace conference had been the powers responsible--two in the case of Finland, three in the case of the Balkans, and four in the case of Italy--would prepare complete drafts of the treaties, which would be taken to a peace conference. Now, I don't have the Russian language of the agreement

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eat hand, but I think that all that was ever contemplated was that the other powers would be allowed to make recommendations as to changes that might be made. The final decision would be reserved to those powers responsible for the particular settlement, and that, in fact, is the way it worked. We did have voting at the peace conference on the drafts which we submitted and on the various amendments that were proposed.

MCKINZIE: Bohlen goes on to say that the United States gave in to Soviet demands for a veto because it was the only way to get the Russians to come.

REINSTEIN: Well, I must say that is not my recollection. I should add to that that I have not consulted the basic documents, the documents themselves should indicate whether this is accurate or not. The government documents that are important to identify begin with the agreement reached in Moscow at Christmas time in 1946, and then whatever further agreements we reached touching on the character of the peace conference and the role it was to play.

My recollection is that the concept was that the powers responsible for each particular settlement would determine the terms of that settlement in the final

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analysis, and that was part of the Moscow agreement. If it was not a part of the Moscow agreement, it was agreed to by the Foreign Ministers thereafter that the purpose of the peace conference was to allow the smaller countries to participate in the settlement, to give their views with respect to what originally had been contemplated as complete drafts prepared by the major responsible powers, and to raise any points that were of concern for them.

This is where the sharp distinction has to be drawn between the peace conference in 1919 and the peace conference in 1946. Granted, the peace conference in 1919 was dominated by the great powers, and obviously, if something were not agreeable to them, it wasn't going to be accepted. Since they were the people who had furnished the military forces they determined by themselves what was going to be the outcome.

The conference was the final body which established the peace treaty. In 1946 this conference was not (it is my recollection) conceived of to be the final body. The conference was a vehicle for bringing in the participation of the smaller countries. We had difficulty in getting the Soviets to agree to have the smaller countries come in at all, and this was a

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concession which we got out of them, to allow them to come in, have a voice, and just state their views freely.

I might say that there was no question about giving the defeated enemy countries any voice; they were heard and they were allowed to speak once, I think. They were not present at any meetings. The 1946 settlement was probably even worse than the 1919 agreement, I think. They were represented in Paris, and they had access to us privately.

But my impression is that there was never any question of a conference determining the settlement. Obviously, if we had done that, and had done this by vote, we would have been able to dictate the settlement. It never was set up that way. As a matter of fact, it was fairly rare that the United States, for example, got defeated. I was loudly defeated once; they couldn't abide an action of the United States. I wasn't party to the decision. But generally it was quite clear, given the makeup of the conference, that on many issues between East and West the Soviets would have been outvoted; and they were generally outvoted. But these votes for the most part didn't mean anything, because their agreement was necessary if we were going to have peace treaties.

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Now, the time came when we would reach final agreement in New York. Mr. Byrnes told Mr. Molotov that he didn't give a hang whether we had agreements or not, whether we had treaties. At that point everything got settled.

Byrnes was a man who, probably was inspired by Cohen, who thought that we should have treaties of peace with the European countries and go on making treaties.

The Department of State never really intended this in all of this postwar planning projected into this peace treaty making process by the Potsdam Agreement without any advance notice at all to the staff. The other governments, I must say, picked it up. They all agreed. So, whether they knew anymore what they were doing than we did, I don't know, but certainly, I don't think that there was any concept that you would, by voting in the peace conference, make the final treaties or know what the terms of the treaties were. As the rules were established, all that the conference did was to make recommendation to the drafting powers. That's all the peace conference added up to. It made recommendations which the drafting powers were free to accept or reject.

Now, in point of fact, I think at some stage that

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we announced that we would give heed to the conference's recommendations. It was a rather safe statement for us to make because, by and large, we normally were able to be on the majority side, although we were not so all the time. There was no guarantee that we would win all the time, and the Soviets never made any such statement and at no point did they ever agree to this.

Now, the peace conference of course did put them in a position of being outvoted. Let me just make one comment on it. In addition to the Soviet Union, we had representatives from the Ukraine and Byelorussia at the peace conference. On points on which the Soviet Union had finally conceded to us and agreed to our positions, we would find the Byelorussians and the Ukrainians opposing the four power agreed drafts and making a point in the peace conference that the Soviet delegation had previously made in our private meetings in the Council of Foreign Ministers. My recollection is not that we made any concession, and this is not certainly in Mr. Byrnes' account; at least I don't read Mr. Byrnes' account as doing this. All that was being done by the Ministers was that they were convening a conference, and when you convene a conference you have to have some understanding about how you operate, when

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you come together, and things like that. The French proposals were merely proposals to be put forward to the conference.

The understanding among the four powers was that where they were in agreement, they would stand by their agreement unless they mutually agreed to alter the provision. There was a kind of further development of this that took place during the conference that I have yet to come to. But where we had reached agreement, we had agreement, and we weren't going to listen to other people.

In the case of the rules of procedure, the conference itself would have to establish the rules of procedure, not the four powers. It was just a question whether the four powers endorsed the

proposals which had been drafted by the French Department of Protocol, which was a perfectly normal proposal. In the end, my recollection is that these proposals were endorsed. The Soviet's argument was a technicality designed to use up time while a disagreement within the Soviet delegation or the Soviet Government, or between the Soviet delegation and the Soviet Government, was resolved. Bohlen makes a surmise about Vishinsky and Molotov. I have no basis for making any judgment on that at all; the two men were very different. I did

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know the Soviets well enough to get some impression of the internal workings in the Soviet delegation.

MCKINZIE: Would you say something about what happened after this final agreement of issues that had been taken, and then what happened between July 5th and July 29th in particular?

REINSTEIN: I was absolutely worn out. I went down to Switzerland on a vacation and I got a bad cold and something else, and I had a perfectly miserable time.

I was absolutely worn out after that meeting. As a matter of fact, Mr. Byrnes said that he was tired, "sorely sensitive to follow the suggestion of the president and members of my staff to take a vacation to Switzerland prior to the conference;" he didn't do it, but I did. I took a train, I had great difficulty getting accommodations. I think I got some help from the Foreign Office. The trip to Switzerland was a long, slow trip. There were still a great many bridges which were only temporary. What was normally a five hour trip to Basel took a full day. I didn't go there until the 14th of July.

I worked on in Paris and I was there for the 14th of July, which was a holiday, and they were celebrating that. I then left for Switzerland. I guess we

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probably had some work to do to clean up after Mr. Byrnes left and get ready for the conference. We had about ten days or so in Basel, which is where I attended the university and my mother's hometown. Then I went down to Lake Lugano and just sat in the sun. I guess that took place just before plunging into my next round of activities, which turned out to be hectic, also.

MCKINZIE: But there was no grand strategy meeting during the break?

REINSTEIN: No. We had made the decision on most of the things that were at issue at that point. There were a number of outstanding issues, disagreed provisions. We did have whole drafts of peace treaties, but we had numerous disagreements in the context of those drafts, and we had to see what the other countries had to say. We had to do some preparatory work to get ourselves organized for the conference, because we were going to have larger delegations and a number of countries to participate.

Well, let's sort of summarize what happened on the night of the 5th of July, because there does seem to be differences between Mr. Byrnes' account and Mr. Bohlen's account. The evidence is in the records and

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simply needs to be dug up. My own recollection is, in the first place, that we did not make any concessions. There was a difficulty on the Soviet side of some kind, and it took them a while to clear it up, but they eventually agreed, and they agreed essentially to what had been proposed. There was nothing to change in the invitations, I don't think, I may be wrong; I wasn't responsible for drafting them or dealing with them. I was a bystander at that point. But my understanding is that the conference was summoned, as I said, to enable the smaller countries to express their views with the understanding that the final decisions would be made by the responsible powers. There was a question about voting (as Mr. Byrnes alludes to) that recommendations could be made by a majority of two-thirds. I think that two-thirds provision was one which resulted in my being loudly defeated in the Finnish committee, when I made a motion in an independence speech at a later stage. I was unable to rally the countries to block making any recommendation, which is all I asked them to do--make no recommendation at all.

The rules of procedure of the conference had to be determined by the conference itself. The conference, in effect, decided to try to establish a greater competence for itself than those great powers had

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provided for, but I don't think the smaller countries had any visual appetite of that; what good would it have done then?

Suppose they had tried to push the big powers around, they wouldn't have anything resolved. They only could get us to do things by preening us, basically. In a sense, this is what the conference is all about anyhow, persuading people to define ways of harmonizing viewpoints and persuading people to take action. This type of problem did arise in the peace conference. But I think there is a point which should be clarified; what understanding was there as to exactly what the role of the peace conference would be and what significance would be attached to the role of the peace conference?

All right, let's then come to the peace conference itself. The conference consisted of different countries, depending on what the subject matter was. They were all represented there, but only some countries had a right to participate in making the treaties of peace. They all had a right to sit in, they all had a right to make observations, and they all had a right to make motions or to make amendments. For example, the United States was not at war with Finland, but we did offer an amendment to the Finnish treaty

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draft, which I put forward and which was voted down. But one of the things that we had to do was to, of course, get the text to the other participating countries and then when the conference convened, to organize it. It was organized into a rather [omitted] body which met, I guess, only at the end. Its work was really done through commissions, there was an arm of the commission, really on the belligerents connected with a particular country. Well, I guess other people had the right to sit, because we certainly had a right to; we voted on the Finnish treaty. Generally, there was a political commission for Italy, there was an economic commission for Italy, there was a political commission for the Balkan and Finnish treaties, an economic commission for the Balkan and Finnish treaties. And it was in those commissions in which the work really took place in the conference. When these commissions reported, the conference acted on the recommendations of the various commissions, so that you had voting in the commissions and you had voting again by the conference.

At that point we broke down sharply between the political and the economic. Mr. Clayton was the Under Secretary for Economic Affairs. Well, maybe he was still Assistant Secretary; at some point he became

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Under Secretary.

Willard Thorp, who was his deputy, then became Assistant Secretary, but I think that was a little later in the year, perhaps by the time we went to our final meeting in New York. At any rate, Mr. Clayton came over, and Mr. Thorp came over, and we had a considerable strengthening of the staff of the American delegation in a lot of ways. For example, we had a collar on lots of things. They brought in a number of Ambassadors from various countries; there must have been more commissions than the ones that I mentioned, because they had to have somebody of rather high rank to sit on all these political bodies. In the case of the political question, I suspect that was correct. In the case of economic questions we only had two commissions, whereas in the case of any political problems they had a commission for each country. I know that we brought in several Ambassadors and a number of political officers to starch up the political side of the delegation and follow all the commissions and activities. On the economic side, as I say, we had reinforcement from Washington. At that point I dropped from being number one to being number three. I was dropped from being the American representative to being, in fact, the chief of staff of the economic

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section of the delegation. We also brought in additional help at the technical level, and additional secretariat, in a sense. We brought not only girls, but people to take notes, keep tabs on what was going on, and the like. For a long time the Italian and Balkan commissions did not sit at the same time, so that, in effect, we had the same team on each commission. Willard Thorp was the actual spokesman during that period. Senator Arthur Vandenberg went with him and I went with him.

In the office—I ran the office—I saw that the work was prepared and the papers were ready, I gave the assignments to people, I decided who should go to what meeting. I conducted our liaison with the other delegations in general, and I conducted our relations with the press. I was the only person in the American delegation, as far as I know, who had an “in” box and an “out” box; we ran an efficient enterprise. And I kept a supply of liquor in my office and in my suite, because I saw press people in my office and I know that press people like to have a drink.

I remember Dean Rusk saying one day when he was presented with a tie at a senior seminar that he had two complaints from the press people about him. One was that he always wore the same tie and he was glad to

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have another tie, and the other was that they said he looked like a bartender. He said, “I suppose there’s nobody better equipped to know who looks like a bartender than the gentlemen from the press.”

Liaison with other delegations included dealing with not only the other delegations among the Allied countries, and we did have relations and discussions with the enemy countries.

I remember, in particular, that we had considerable discussion with the Hungarians about their economic problems. They sent a very able man from the Central Bank as their principal economist. This was in a time when there was a free government, which was dominated by the Smallholders party. My colleague on the Italian Reparations Commission in earlier days, Mr. Dekanov, second vice minister of foreign affairs, went down to Budapest and arranged to have them thrown out of office. It was then superseded by a Communist government. But at this time they were still a representative government I would say.

MCKINZIE: What kind of people did the Italians have?

REINSTEIN: The Italians had a team headed by four Ambassadors; I forget who all they were. They had one who died, I think, not very long ago, and he was an

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extraordinarily able man. They had, I suppose, a supporting staff. I must say that on the whole we did not have--on the economic side--a great deal of contact with the Italians. I really had more contact with the others, such as the Hungarians. I also had discussions with the Bulgarians, who were quite concerned about the Greek reparations claims against them, and I had talks with their representatives to the members of Parliament, from the non-Communist countries. These were people who before the suppression of the non-Communist parties had hanged Mr. Petrov, and we listened to them and talked to them.

I had some contact with the Romanians I’m sure; I don’t remember the details.

MCKINZIE: With the Romanians particularly, do you recall, at that stage, any particular problems over the story that we now seem to be so concerned about, the oil issue?

REINSTEIN: No, I don't. Our difficulties in this deal initially had been with the Soviets. We ran into our particular difficulty because the Soviets occasionally insisted on writing what we thought were basically peace treaty arrangements into the armistice agreement, such as the requirements of reparations. They then

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added to this the provision that enabled them to take property which they claimed had been looted, then they were able to take war booty, and they helped themselves rather liberally to anything they wanted--including property belonging to us. And we got into a number of arguments with them. Actually it was more of a continuing argument, because they were stripping things not of industrial properties that belonged to us, and carrying them off to the Soviet Union as war booty.

Now, this had already started prior to Potsdam, and they had gotten Stalin's agreement in Potsdam to put a stop to this via Article 24 of the Potsdam Agreement. That was a secret article, and it was so secret that nobody showed it to those people who were particularly concerned with the subject matter. So, we were unaware of it for about nine months, by which time most of the damage had been done.

Now, I don't remember at what point the oil properties were nationalized. The Romanian treaty was no different from the other treaties; all of the treaties provided for the return of properties that had belonged to the Allied nationals, this is, properties which had been regarded as enemy properties and had been taken in most cases, a treaty that provided for returning the properties.

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There was a question of compensation for damage, and that was one of the big unresolved issues in the economic field. The provisions which we had supported--I don't know whether we initially put them forward, or if they were put forward by the British and French. In other words, where you were before the war began. This involved some compensation, and the Soviets made a great deal of propaganda out of this subject. The American delegation finally decided that it really was in an undesirable position on this, and so we decided to compromise on it. I forget what the things that we compromised were, but we decided to compromise for considerably less than we were asking for. Before we did it, we did explain to the British and the French that we did not think from a political viewpoint that we should continue to support that position. And that was one major change which we made during the course of the conference. It was made across the board, in all of the treaties.

In general there were certain specific problems that arose in specific countries. There was, for example, in Romania, special problems of shipping on the Danube. There had been British and French fleets of tugs and barges operating on the Danube, which was an internationalized river and had been since, I guess,

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the Congress of Berlin. (I don't know when it was internationalized. Maybe it wasn't done until the end of World War I.) At any rate, it was an internationalized river, and we were receiving shipping on there. (I noticed with interest in the newspaper yesterday an advertisement of a Soviet luxury cruise ship from Vienna to the Black Sea.) I found it a rather tempting idea to take that tour. We had a lot of argument about the subject of navigation on these rivers and the international regime. That was a very definite issue in these treaties. The Danube regime, I think, was the subject of a special negotiation, as I recall.

There were obviously special provisions in connection with the territorial settlements in Italy. There were special provisions in connection with what action had been taken by the Italians at the so-called "Begonia conference" to invalidate and change previous actions relating to the old southern railway of the Austro-Hungarian empire, known later as the Danube-Saub-Abu Railway, and the bonds to be paid. I doubt whether it ever got paid, but these figured into the four power proposals.

Now, at the outset of the conference, of course the other countries were invited to submit any proposals that they had. We were deluged with a flood

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of proposals from the other countries, some, I think, about 300 amendments to the text submitted by the four powers. This raised a problem as to what should be done about it.

MCKINZIE: Were there general delegation meetings? At some international conferences there would be, periodically, or daily sometimes, meetings of the full delegations, where you had the economic people coming together with the political people and people on each of the commissions meeting together.

REINSTEIN: Well, there were meetings at which the top people attended, and I myself did not attend them. This was a change from the previous procedure, because when we were in the four power meetings the delegation was quite small. We all knew each other, and we were used to working with each other. Of course, we had Mr. Dunn maintaining control over the entire operation, and our coordination was informal. When I first went into the Italian Reparations Commission, for example, I had Chip Bohlen as my political adviser. He came along for a couple of meetings to help me, and then he finally said, "Well, you seem to know your business; there isn't any need for me to come to the meetings anymore," and he dropped off. The coordination at the lower

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level was quite informal, but very effective. We lived and we worked in the Maurice Hotel in several floors, and we went back and forth; it was very easy to see each other.

The one thing that I would say is that we did not sit down and talk with the Secretary of State about these problems. Sam Reber who was the principal political officer, and I sat immediately behind him with a knee up against the back of his chair. By golly, I don't know what the relations with Mr. Dunn were and what his discussions with Mr. Dunn were, but we'd get into a meeting and some subject would come up, and Mr. Byrnes would turn around to me and say, "What's our position on this?" I would have to brief him very rapidly, sometimes in 60 seconds.

I would like to talk about Mr. Byrnes and his method of work, because it does relate to the relationship that I had with him or at least he had with us.

But on the peace conference--and this was a difference--they did have meetings. For instance, the decision to change our position on compensation for damage to Allied property was discussed in a delegation meeting at which I was not present; I was informed about it. A decision to offer an amendment on the

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amount of Finnish reparations was also taken in a meeting that I did not attend. So, I found myself in the uneasy position of having to defend and argue for a decision, the making of which I had no part; I found that rather uncomfortable. On the whole, my impression is that the delegation functioned quite effectively. The inter-relationships were effective, and, of course, you had Senator Vandenberg and Senator Connally there. Vandenberg, in particular I would say, was an extraordinary help. He occasionally would take the chair and speak. He did that, I remember, in some matters relating to the Romanian treaty. (And maybe the oil issue did come up in the Romanian treaty.)

One of the things that happened, I might say, is that the whole pace of the discussion was extraordinarily slow. Everything got dragged out at great length, largely it was filibustering by the Soviets. They had three voices to filibuster with; you had the Soviet Union, you had the Ukraine and you had Byelorussia. There were also several other people who had come in, such as the Yugoslavs, and there were large numbers of people who could drag out the proceedings at great length. In addition there was a large number of amendments. The result of this was that progress was extremely slow. I don't know what

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the initial target dates for' concluding the conference were, but it was supposed to conclude before the meeting of the General Assembly in New York. It was dragged on to such an extent that it was necessary to ask the Secretary General of the United Nations to defer the meeting of the General Assembly.

The discussions continued to drag on. The extent of the delay may be indicated by the fact that by October the economic commission for the Balkan and Finnish treaties, which for a long time only met alternately with the Italian commission, had only gotten part way through the Romanian treaty and hadn't touched the other treaties at all.

Steps were taken to try and speed up the proceedings at various times. These steps were taken in three different phases, as I recall. The first stage was a meeting of the four Prime Ministers to consider what should be done with the amendments submitted by the other countries; there was a mass of paper.

They decided to re-establish the four power machinery. Of course, that had stopped when the peace conference was ended. So, they decided to charge the deputies with seeing that something was done about this, and the deputies re-revised the committee

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structure of the Council of Foreign Ministers, and we were instructed to go through the various amendments and see if we could reach a common position on them, it being understood that where there was an agreed text it would stay unless the four powers involved agreed to an amendment. So, unless we all agreed to change an agreed text, the agreed text was adhered to and we would defend the position. Even though one of the countries didn't agree, it was obliged to support the agreed position.

Now, these instructions didn't really run to telling us to try and reach agreement on the text. A vast number of these amendments, in effect, had to do with the economic provisions. The economic provisions were made up of a good part of the articles to the treaty.

The economic committee decided that we should make an effort to see if we couldn't reach an agreed position on the amendments, rather than having things sort of helter-skelter in the commission the result of which would have us voting against each other and so on. There was a certain pressure to come to some conclusions, because in the end, if we didn't reach an agreement at that stage, we would be confronted with this in the post-peace conference meeting. Obviously,

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it was better to try to reach an agreement there, taking into account whatever the country that was opposing the amendment had to say. Anyhow, we had a fascinating series of meetings.

This is when I really got a chance to know Vishinsky and to watch him in action. We met in the old German Embassy. We couldn't meet in our old meeting place because the peace conference was meeting there, and this was the extra-constitutional meeting. We had to find another meeting place, and the French Government made this building available to us. We had our committee meetings there and the deputies met there, and we met rather frequently with the deputies in very small meetings. We would meet in a typical office room with four powers and a very small

number of people. It was very different from meeting in those enormous rooms in the Palais de Luxembourg.

When the economic committee took up these things and looked at these various amendments, one of the problems we had was that it was very difficult to understand what the people wanted. In some cases you could handle them fairly well, but we had so many of these things that what we did was more or less divide them up. We decided that we couldn't all talk to these countries. We didn't have time to do that, because,

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after all, we had to go to our regular meetings all the time. This was an additional obligation on us along with attending the regular meetings of the peace conference, and somehow we had to have time to do this. Also, if we all met with them, then we would get into a problem of languages and things like that, so we took the various amendments and we divided them up among the four of us, or the three of us in some cases, I guess, the French, Soviets and ourselves. The Soviets didn't display much interest in doing this sort of thing, but I know they took some of them. We took responsibility for various proposals and then engaged individual consultation on behalf of the drafting powers with the country which had made the proposal to find out exactly what they were driving at and what the problem was for the purpose of reporting back to the four power machinery.

This had some interesting consequences. For example, I found that I was given the responsibility for dealing with Czechs on a number of problems that they had. They had submitted various amendments to the Hungarian treaty.

The Czechs had some claim with regard to the railway locomotives and all sorts of things of one kind or another. I can't remember what all these were; some

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of them were very complicated. They had taken these matters up with the Soviets, and the Soviets had given the complete brushoffs. So, they were extremely eager to talk. I took these various Czech proposals and went over them with them. I would say, "Well, all right now, let's see. We had been over this issue among the four powers. We've debated it and debated it, and reached some position on it. I will report what you have to say, but I don't think there is the slightest chance of your proposal being accepted, because it runs counter to one of the general ideas that we had incorporated in our draft. On this issue, however, I think you have a point, but you're involved in (the word was used then) overkill. Your draft goes far beyond what is necessary to cover the point. I will be willing to undertake to see if I can get agreement of the drafting power to a more modest amendment, which is specifically directed towards your problem," and so on.

I found myself involved in a different set of negotiations. I remember the Czechs ones particularly, because I carried them on with a man who was a very intelligent man. His name was

Hajdu, and he was a Western-type Communist. He had been in London during the war and had been broadcasting the Czech office of the BBC. He was an extremely bright fellow who was

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arrested and sent to prison for about fifteen years at the time of the Polansky trials. I don't know what happened to him; I've never gone to any of my friends who follow these things to find out. But Hajdu and I carried on detailed negotiations. As a matter of fact, this established a basis of a relationship that continued up until the 1949 conference, the one that took place after the lifting of the Berlin blockade. Having established this personal relationship, he then would come to me partly to ask me what was going on in the conference, because the Soviets wouldn't tell them anything. I can remember telling them what was transpiring, and so we, in effect, were briefing the Czechs on what was going on.

That was, I say, one of the efforts to speed up the conference. A second step which was ultimately taken which was to instruct the Italians and Balkan economic commissions to meet at the same time instead of alternating their meetings, because they were just not getting through the mass of the work. That caused organizational problems in the American delegation. Clayton had by that time long gone home, and Vandenberg did take part in the debate on the Romanian treaty.

To come back to the question of oil, I have the feeling that that question did arise and that

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Vandenberg did deal with that particular subject in the Balkan economic commission. It was regarded as being a highly charged section politically, and the decision was made to have him speak so that there would be an elected official, a political figure and not an appointed opposite, speaking on the issue. Now, exactly what the issue was, without going back into the papers, I don't know.

In terms of tactical operation, Thorp and I divided the materials by subject matter. The reason we did this was that, after all, so much of the technical drafting had been worked on in London in the four power meetings. I was familiar with all of that and he was not familiar with all the details of all of that, and there was no way of transferring that expertise rapidly. So, he took the big political problems. He took the questions of compensation for Allied property, reparations and I don't know what else. I took the other stuff, and sometimes we would shift in the middle.

Well, in spite of that, the conference dragged on and on, and we were again faced with the question of whether we were going to be able to finish before the General Assembly convened in Flushing Meadows. I don't know whether there were discussions among the

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ministers on this; I'd have to look at Mr. Byrnes' book.

I think probably the Foreign Ministers discussed this, and they decided that they simply could not ask for a second postponement of the General Assembly and that the peace conference had to be wound up, and they set a target date. I forget how many days for the final plenary meeting at which they would consider the course of the commission; it must have been something like five days. Then they told the commissions that they would have to wind up all their work by that time, which tossed us into marathon sessions. I must say that this was extremely grueling.

We were only part way through the Romanian treaty and we had to race through the Hungarian, the Bulgarian and the Finnish treaties. Of course, we had been having night sessions already for some period of time. We sat far into the night, and toward the end of the final session of the Balkan commission took 36 hours, I think. It may have been longer than that; anyway, it was one of the longest meeting on record. It began at something like 10 o'clock and was preceded by a four power meeting. We had a four power economic committee meeting immediately before, for some reason or another. Then we went into the Balkan committee at 10, or

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something like that, and with breaks for meals, we continued all night and all day and into the late afternoon of the following day.

The Italian commission managed to wind up by 4 o'clock in the morning or something like that. Thorp and I kept shifting. Fortunately, the rooms were not too far apart, but as the subject matter shifted, then we would shift from one commission to another rapidly, hardly without a chance to say a word to each other. We finally got through the Balkan treaties at about (I don't remember when) sometime well after midnight.

Now, there were a couple of issues that the Soviets were trying to duck, and there was another one which we had created. Let me deal with the second one. The second one was that the United States, in a delegation meeting which I did not attend, decided to oppose reduction of the Finnish reparations by about half or something like that.

The arrangement between Thorp and myself was that he had the reparations. He had been present, so when we got to the end of the Hungarian-Bulgarian treaties, this was the first item scheduled to come up in the meeting.

We had a brief break at which the French provided us with Dubonnet or some refreshments of some kind, and

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I sent word to Thorp that the Finnish reparation issue was due to come up, and would he come and take the chair in the Balkan and Finnish commission.

I got a message back saying he couldn't come because they were engaged in a row over Italian reparations in the Italian commission. We had agreed at the four power level on the amount of

reparations for the Soviet Union, the piece that we had left for the peace conference was the settlement of the reparations claims of the other countries. And this was a case where the conference really had some muscle, because the conference's recommendation was on a subject which the four powers hadn't taken any positions.

And my recollection is that the United States said it would abide by the conference recommendation. The Soviet Government hadn't done that, but by golly, if you've got a 2/3 vote on any particular issue, it was binding on us whatever it was.

There was a terrific row of some kind going on in that commission, and Thorp sent word back that he couldn't come. So, I was left with the unenviable task of moving an amendment. I had made no preparations for dealing with it, because I didn't expect to; I had practically no papers on the subject. I had not been

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present at the delegation discussion when it was agreed to do this.

MCKINZIE: Were there other people there that knew what was going on?

REINSTEIN: There wasn't a soul on the staff who knew a thing about it. I was there all by myself and I was darn tired besides, because I had been going steadily for a long time, and then in this continuous grinding session to try and finish up. At any rate, I made the best effort I could.

I had a very successful career on the whole. This is one of the times when I really did not succeed in carrying out the mandate, but I think I had some reasons for not doing so. I just had not prepared for it, and I did not expect to have to do it. I don't know what Thorp had done, I suppose he had done something, but he didn't send anything to me. I scrambled around looking for a few figures on the Finnish economy and things like that.

Well, the first question that arose was whether the American amendment was in order, because there had been a time limit set for the filing of amendments. They had brought the Secretary General of the conference in to discuss and rule on that. My

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recollection is that our amendment was ruled out of order.

So, I then said, "Very well, then it's out of order." I then asked the commission to vote against this drafting powers draft. That would leave the peace conference in a position of not making any recommendation that would be incumbent upon the drafting power to consider. If you made a recommendation, they would be free to consider it or not. I had to defend the position that the burden was too onerous on Finland.

The Soviets then wheeled in an expert, who made vigorous and quite effective sense in his position that the Finns could pay. Although I moved my amendment out of order, there were parliamentary means where I could still ask people to vote against the draft. If I could have gotten 1/3 of the members of the commission to side with me, there would have been no recommendation. But I couldn't muster the necessary votes.

There was something else that was up, and the Soviets wanted to keep this from coming to a vote. I don't remember what it was, but they threw up this filibuster and tried to prevent the issue from being put to a vote. Now, the chairman of the commission was Joseph

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Corvell, who was then the Czech Ambassador to Yugoslavia. He is now head of the School of International Studies at the University of Denver. He came to this country after the overthrow of the Czech Government in '48, with, I think, some assistance, and he is really an outstanding power in the international field, and a very fine man. He was a good chairman. But the Soviets had told him that if he put this to a vote, they were going to get him, and they made threats, so this man was absolutely trembling in fear.

They also had a vice-chairman of these commissions. The vice-chairman never appeared but the vice-chairman of this particular commission was South African. This South African, who hadn't been seen around since the beginning of the conference in that particular commission, turned up and appeared upon the dais. This was an issue in which the British were interested; I don't know what it was. It must have been something that was left over from one of the Balkan treaties and that had been postponed. It sure didn't have anything to do with the Finnish treaties. It was a postponed item from one of the Balkan treaties, and it perhaps was the Bulgarian reparations; I don't know. The British were making claims that the Bulgarians and the Soviets were going to become

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involved, they wanted to have the conference end without the issue being discussed.

That was probably it, because I'm trying to think of something the British would have been sufficiently interested in to make a big fight on, and that was the only thing that I could think of; they had a commitment towards Greece.

Well, the British sent word to the chairman that they were going to keep this meeting open and going until he collapsed, at which point they would put a vice-chairman in the chair and he would put the question to a vote. Finally, at something like 5 o'clock in the morning, flushed with victory in the Italian commission, Thorp came in and took over for me. I went back to the hotel and fell into bed and slept for several hours and then I got up and got some coffee and got down to the office and said, "Gee, I don't know when those guys got home."

And whoever was in the office said, "They haven't gone home yet, they're still down at the palace."

I said, "They are?"

"Yes."

"Well, let's get going." So, I got a car and went back to the palace. I missed a few hours of the meeting, but I sat on the final stages. At that point

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I was much fresher than anybody else, and we went through this final row, with the Soviets trying to find every conceivable way of trying to avoid the vote. Thorp was in the chair and I decided the thing to do was just show great signs of activity. Give an impression of, why, they are going to win. And finally it was very unpleasant situation. Poor Corvell didn't know what the heck to do. He finally had the inspiration to say, "Well, this involves a parliamentary matter, and we had better have the Secretary General come."

And so the Secretary General was again brought in and asked to rule on whether the issue should be put to a vote. And the Secretary General ruled that the issue had to be put to a vote, so that the conference could complete its business. So, we put it to a vote.

Corvell didn't have to collapse in his chair, and he did not have to put the question to a vote himself, in opposition against his instructions from the Soviet delegation. That was followed by the consideration of the plenary where all of the reports and information were taken up and voted on.

The plenary was presided over by the foreign ministers, in turn. I don't remember how many days the plenary lasted, but Mr. Byrnes was in the chair two

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days. The plenary was held in the French Senate chamber. Well, I was surprised that Mr. Byrnes, a Senator, was really quite nervous about this.

In the economic section, I was only one responsible for helping through the economic clauses. I'm trying to remember whether it was in the treaties as a whole, or just in the Italian treaty. I remember that there was something like 77 separate votes that had to be taken. How the question was to be framed, and, where there were different proposals, which proposals would be taken and voted on, was a very complicated matter. This was where the staff of the delegation was able; we had the kind of staff to do this kind of thing. They prepared something like three books, fortunately three. One was for Byrnes, one was for me and we had a backup book. On one side we had sort of chalked out the texts and pasted them on paper and then on the other facing page

we had the actual instructions as to how the issue was to be put to a vote, what the exact statement of the peace treaty was.

People are to begin, a man whose confidence I didn't enjoy. For two whole days while he sat in the chair--not two whole days on the economic clauses. While we were going through the whole business of the economic clauses, every country voiced votes. So, you

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had to record twenty countries on every vote (I think it's 20), starting with Albania and running down to Yugoslavia.

We had to prepare another book, which was a book for the U.S. representatives on how he was to vote. This was Thorp's job. I stood there next to Byrnes and he was obviously quite nervous, and he'd say, "What's the next issue?"

And I'd say, "Here sir, the next issue is the proposal of duties of these delegations with regard to paragraph so and so, and this is the issue." I don't see that today. Thorp was over on the other side and fortunately I had the three books, I'd open up the next one and open it up to the same thing and say, here's--I was surprised that someone with his legislative experience should have been so nervous as he was. There must have been something else that was on his mind, because it was rather unlike him. But anyhow, we finally went through our vote, sometimes saying "Yes," or "No," and sometimes saying "Da," or "Oui;" any one of the conference languages was acceptable.

And with that we concluded the conference in late October of 1946. It had already gotten cold that there was no fuel, and I must say that we didn't leave Paris with any particular regret in light of those

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circumstances. We had lived through a hard summer. Initially when we came to Paris, in the Meurice we had Army food, and French cuisine was in another Paris. After Mr. Byrnes went back to New York in May, we were put on French standards, and all during that summer and on into fall, unless we went to a black market place, we had very little meat. As a matter of fact, I found it rather embarrassing, because we were eating so luxurious at one time. London usually is a mess, and they served it at 7, for us, dinner winding up with baked Alaska. Sam Reber, who was the political adviser, and I went off and made some noises on that; that was ostentatious. If the word got out that we were eating like that, the United States would be very badly regarded and want to--the availability of the food, cut back or something reasonable; we got cut back to basic civilian standards.

As I say, since we didn't frequent black market places, on a per diem which is based on the official rate of 50 to a dollar against the open market rate of about 180 or 190. They got changed to 110 at some point later on. But we were only getting at least no more than half of the open

market rate, and so that we were financially pinched and we were pinched for food. So, as we say, we left France without great regret.

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And I could tell you one little story about the American delegation. When we first went there, the French provided us with some Renaults, I guess it was, that were all khaki colored or something like that. They had been ordered by the Germans; the Germans had put in an order for these and they were made up for the German armed forces. We had a bunch of crazy Frenchmen as drivers, who felt that having an American flag on the windshield was a license to drive at any speed. One time we were leaving the four power meeting. The Foreign Ministers always had motorcycle escorts, and there was usually a squad car ahead of us. We came down 5th Avenue, sort of raced on along the Seine and went behind this motorcycle escort and black car. When it came to the Pont de la Concorde they turned off. I guess we expected it to turn; it didn't turn, it went ahead, I said, "Oh, my god, that was Molotov."

MCKINZIE: So, he speeded in Paris just like everyone else.

REINSTEIN: Well, he had a motorcycle escort. As a matter of fact, for security reasons they want you to speed, because it is a dangerous kind of driving to do in a convoy, though, because other people cut in and try to take advantage of it. The French never had the sense to put the motorcycle guy behind the convoy. There was

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always two guys in front and nobody in back, and so everybody tried to get in on the act. And they cut in on you.

MCKINZIE: That would have been a tough winter in '46 and '47.

REINSTEIN: Don't tell me, because I went back to London to begin on the German and Austrian treaties in January, a phase we will come to later.

Well, I was going to tell you a little more about these cars. We had a certain amount of trouble with them, apart from the habits of the drivers. Since they were made for the Germans, the French had carefully built in various breakdowns, and every once in a while one of these cars would stop operating, and you would find you would have to walk the rest of the way or something like that.

When we got to the peace conference we had, as I say, a somewhat different arrangement, maybe added arrangement, and I remember that the American delegation had an ancient black American car. I can't remember what make it was, but it went back to the days when they still made the Hudson or something like that; I don't know what it was. But it was a great, big car and this was used by the economic section, and it was

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assigned to Mr. Thorp. It had a great merit; you could have a lot of people in it. It had jump seats and things like that, and when you were leaving the meeting you could just pile everybody into it. The number of people who can get into a car is terrifically unlimited. At Moscow we once came back to the hotel, fourteen of us in a car with a driver, but it was the only car we had. Anyhow, this ancient car sort of wheezed along, and one night we came out from a night meeting and we were waiting there, and these other delegations with shiny black limousines would come up, and they would get in; these would be the other victory countries. And then for the enemy countries' delegations, who were observing, I guess, their shiny black limousines would drive up and they would get in. Finally, we used the ancient American car for the American delegation, except it gave out.

So, what we did was to put Barbara Hauer, who later married Coverly Oliver (who met her at the conference. It was one of the few things that the conference accomplished) at the wheel. Mr. Thorp, the chauffeur, and the rest of us pushed the car around the courtyard of the Palais de Luxembourg and out into the street. I can't remember what it was--and down the Rue de la Seine until the engine finally caught. And I

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thought, "It's too bad there isn't somebody here with a motion camera to take pictures: 'American Delegation Leaving Peace Conference.'"

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Sixth Oral History Interview with Jacques Reinstein, July 9, 1973 in Washington, D.C. by Richard D. McKinzie, University of Missouri - Kansas City

MCKINZIE: We're going to talk now about the German issue in the summer of 1947, the four power debate on Germany, which we did not discuss in a previous session.

REINSTEIN: Yes. We have been dealing sequentially with the Italian settlement, mainly, in July. I take it that probably after the agreement to hold the peace conference there was a discussion of Germany in the Council.

The CFM meeting ended, according to Mr. Byrnes' record, on the evening of July 12th. Before the Ministers adjourned there was a major debate on Germany. The French had raised this issue at the London meeting in September of 1945 and had pointed out that they had not been a party to the Potsdam Agreement and the other previous agreements relating to Germany. They wished to have a discussion of policy toward Germany, but this request for a discussion in September was refused by Mr. Molotov. The discussions thereafter took place through diplomatic channels.

Now, at that time, the first signs of major difficulties with the Soviets were emerging in Germany, although it's not clear to me that those warning signs

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were recognized. In part, they were obscured by the fact that the French were making such major difficulties and the fact that the negotiations in the Allied Control Council, while difficult, were proceeding. In particular, they did finally result in an agreement in February of 1946 on the Level of Industries Agreement.

The whole question of major policy toward Germany was, for the most part, undefined. My impression is that Byrnes' general strategy--strategy which I'm sure Ben Cohen had a great deal to do with--was to deal with what he considered to be the peripheral problems and then worked slowly toward the center, the center of the settlement being Germany and Japan. But difficulties began to develop in the conduct of administration in Germany. (I'm not quite myself sure what the intercommunication between Mr. Byrnes and the State Department was, but there obviously was an intercommunication, I assume principally through Mr. Acheson. These difficulties led Mr. Byrnes to feel that since we were having difficulties with the other settlements and that the German question kind of overhung this, it would be desirable to get some fixed point of policy respecting Germany in order to make progress both with respect to the conclusion of the

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Italian and Balkan settlements and with respect to the administration of Germany.

MCKINZIE: Could you comment about Byrnes' commitment to Morgenthau's idea about Germany, whether or not he ever made any?

REINSTEIN: Well, my own impression--and it's only an impression--was that from the subsequent events it's increasingly clear that Mr. Byrnes did agree to, and, in fact, proposed (this was the essence of his effort to try and find some core of agreement), the continued disarmament of Germany. But, the U.S. Government had decisively rejected the Morgenthau plan to divide Germany up and to turn it into, as Mr. Morgenthau described, "a pastoral state." I did comment on that in the context of the bilateral consultations which took place between the French delegation, headed by Couve de Murville, and the American group, headed by James Clement Dunn, in December of 1945, when the French exposed to us their ideas of splitting Germany up. We said that we couldn't agree with that, and I think we certainly had made a definite decision that we were against the partition of Germany.

We had, of course, participated in the Potsdam decision to eliminate the state of Prussia, which was

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regarded as being perhaps the cause for the turning of Germany into the aggressive state it had become. I think a great many people felt that Germany had been "Prussianized." The influence of Prussia, as against the other influences of Germany, had prevailed and dominated, owing to various historical factors and accidents. There was agreement that the Prussian states would be

liquidated. For example, the Prussian territories in the west of Germany were reorganized into new states, and so on.

Now, it's a little hard for me, because I was sort of in and out of this, to be precise about the development of American policy with respect to the economic status of Germany.

The first concern, I think the primary concern, of the United States had been not to get involved in the kind of situation which had arisen after the first war, when Germany was conceived of as a kind of milk cow that would provide nourishment for people in the form of reparations. You had a situation which continued without any determination of the total amounts, and you had the current crises of one kind or another which caused major political irritation and very difficult economic consequences which were rather costly for the United States. In the long run, the Americans had

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found themselves in the position of doing the financing, and the Americans really didn't want to. They were very sensitive about this; if we were going to help any other country, we wanted to help those countries on their own merits and not go through some devious process of going through Germany.

So, I think that was fairly clearly settled, even at the time of the Morgenthau argument with the State Department. Before the Morgenthau plan was ever put forward, I think, this was in the thing of the State Department. However, exactly what role Germany was to play was not quite clearly defined in American policy at that particular time. The Level of Industries Agreement and the associated reparations arrangements--the arrangements we had made at Potsdam with the Soviets and the arrangements which we had made at the Paris reparations conference in the fall of 1945 for the division of reparation receipts--left unsettled, as far as we were concerned, what the total volume of reparation would be. So, through the Level of Industry Agreement what we were trying to do was--after having seams loosened by the Soviets under one form or another in terms of war booty, restitution, and so on--was to try and set at least some kind of agreement on limiting what was to be taken away. That's by derivation,

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determining what was to be left in place. We thought we had reached that agreement in the Level of Industries Agreement in February '46.

But the arrangements for interzonal trade were quite unsatisfactory, because what we had done was draw these zonal lines without regard to the pattern of German industry and internal trade. That, coupled with destruction, reparation removals, and the difficulties faced by the various zone commanders, created a situation in which the German economy was reduced to functioning at a very low level. The interzonal trade arrangements, and there was a restiveness in the American Government. Perhaps this was centered more in the Army, which was responsible for administering our zone of Germany, than in the State Department. It was not that the State

Department was insensitive to these considerations, but the State Department was probably looking at it in somewhat longer term perspective than the Army, which was concerned, necessarily, with day-to-day administration and with having to go to the Congress and get the money to provide supplies.

MCKINZIE: Do you remember hearing anybody talk about State Department direct administration of Germany about this point, about February of '46, after the Level of

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Industries thing? Eisenhower had a Civil Affairs Division of the military which was in charge, but I think he didn't anticipate making civil administration their job for a very long time. There were at the end of the war some discussions on just how long the Army should maintain that control. It considered political problems to be State Department problems.

REINSTEIN: Well, I don't really know about this, and I think maybe there may have been a kind of schizophrenic attitude on the part of the State Department. While the State Department obviously wanted to run the policy, it was a tiny organization whose administrative experience was confined to issuing visas and passports and stamping consul invoices. It didn't have the structure for taking over the tasks of governing and running an occupation. I don't know that it ever had done so in the past, and when it did, this was, as far as I know, a novel departure in the State Department administration. I participated in it when it happened.

Now, I think the Department's interest was in policy issues. It found itself, I would say, in a series of clashes with the military. Some of this I saw really only at a later date, but I assume that these difficulties existed right along.

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The two departments had totally different concepts of the relationship of central headquarters to a field unit. The military concept was that you gave instructions to a commander to perform a particular task, you informed him of what the resources were, and then you said, "Boy, you're on your own." He kept coming back and saying, "I need more of this, and more of that," "I can't do this, I can't do that." Then he shifted things around and did the best he could. Nevertheless, he didn't look over his shoulder all the time.

Now, the State Department's relationship with its mission in the field was really quite different. In the days of sailing ships and the like, and even as late as 1930s, it was customary to give instructions on what was to be done and then to give a very considerable amount of latitude to your negotiator or mission chief, so long as he remained within the scope of his instructions. With the development of telegraphic communication and rapid written communication, this relationship changed; it was a constant give and take, and the man in the field was kept on a much shorter tether. He was expected to report rapidly. Also, the character of international events changed, so that it became necessary to adapt to

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situations much more rapidly. Therefore, the Department of State was in the habit of keeping sort of strong control, not only over the policy, but over the detailed execution of the policy. So, these concepts were quite different.

Now that gave rise to real problems when instructions went out to the zone commander. I can remember, at later times, sitting and arguing with people in the War Department about something. We would want to explain the background of the problem, then we would want to say that we think this should be done and that should be done, and we would want to report back. We'd get into a hassle in which the War Department people would say, "That's not the way to talk to a man in the field."

So, there was that kind of difficulty. I think that created a kind of continuing problem in relationship between the two departments. It was not the only one, because the War Department, after all, was only concerned with the administration of its zone in Germany, where the State Department was looking at the whole map of Europe, at least of Western Europe, trying to adjust its relationships with the American relationships in all of these different places. You had such things as a quarrel, for example, over the use

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of the low country ports for the sending of supplies to Germany. What happened was that in order to reduce the expenditure of foreign exchange in Germany--I don't think this involved budgetary considerations; it was purely a foreign exchange consideration--the military authorities routed their supplies through Bremen, which had been given to us as a port when, as a result of Mr. Roosevelt's decision, we were locked into the scenery in the south.

Now, historically and economically, large volumes of trade did not go through Bremen to get to the places where the materials were being sent. Bremen and Hamburg, of course, had their hinterland farther east, and they were having their difficulties because that was in the hands of the Soviets. The historic pattern and most economic pattern, if you're not carrying out policy, was to use the low country ports, Antwerp and Rotterdam, particularly.

So, there was a continuing conflict over this, and it took some years before some formula was finally devised. But this was the kind of issue that arose between the two departments.

I was certainly not a party to, and I don't remember hearing any, specific proposals for turning the administration of a civil administration of Germany

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over to the State Department at that early date.

MCKINZIE: I suspect that this was something that was more in the War Department than in the State Department.

REINSTEIN: Yes, but there is another thing that comes to my mind, and that is that this was a defeated enemy country with whom we had been fighting a very short time before. One of the questions when you are running an occupation is, can you keep people under control? Perhaps it's not without some significance that some of the people who were involved in this, one way or another, were Southerners.

MCKINZIE: How is that significant?

REINSTEIN: Well, let me just speak quite personally. I'm Georgian by birth; I was born in Savannah. My Godmother remembered Sherman's troops entering the city on December 25, Christmas Day, 1864.

The South was maintained under a military dictatorship of a quite brutal character for ten years, a much more severe occupation than we administered in Germany. The people who lose wars remember, as the French nourished their grudges against the Germans after the Franco-Prussian war, and the South of the United States nursed its wounds for a long time. It's

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not clear to me--I haven't been in Georgia since 1948--to what extent the feeling still exists, but certainly at the time I was growing up we had two kinds of history. We had the history books that we had in school, which were written in the North, but which were, I think, vulgarized slightly for the benefit of the Southern users. There were some terms that we used, battles which were disputed, and so I think they made slight changes. But nevertheless, the general presentation of the War Between the States was probably put as seen in Northern eyes.

Alongside of that was an oral history, one might say, a continuing discussion, an awareness and a resentment. This was fed by injuries which the South felt it was suffering from, even after the end of the occupation, in terms of economic discrimination in favor of the North--discriminatory freight rates, tariffs, and things of that kind.

So, the Southerners were sensitive to what military occupation meant. Of course, during that early period we were going through denazification procedures, the holding of the war crimes trials, and things like that.

I'm not saying that those people in the State Department who were responsible were Southerners, but

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it may have been something to do with the general way in which the problem developed. There was a problem as to whether you could keep your fingers on these things and keep things under

control. As a matter of fact, after we brought our forces back in large numbers from Europe, what was left in Germany? What was there at the time of the Berlin crisis? There was the constabulary, which was to maintain order, and there were the elements of one division, that I recall. And their supply line, thanks to these arrangements about Bremen, ran in front of the forces; the supply line was between the forces and the Soviets.

MCKINZIE: But your view is that these people who were from the South and who were in command were more sensitive to how to keep a people under control?

REINSTEIN: No, they were more sensitive to the idea that in the immediate period right after the war you still had a problem about your relations with the population of the defeated enemy country, that there was an uneasy relationship.

In point of fact, I think what happened was that the relationship between the Americans and the Germans never really presented a terribly serious problem, because the Americans were generous of the giving of

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relief supplies, etc. America had a kind of image, anyhow, in Europe at that time, as a land of freedom and opportunity. It was a place where people went when they were unhappy where they were, so it wasn't a problem, and maybe I've exaggerated this particular point. But it occurred to me that perhaps there was at least some feeling that before you turn civil administration over to a civilian agency, you had better be sure you had the situation well in hand.

And, as I say, I don't remember ever hearing any discussion myself about turning the administration over to the State Department at that early stage. It certainly came up; it may have been a more lively issue later, but I think perhaps that that might have been affected by the Berlin blockade.

I'm not clear how far the American economic policy on Germany had evolved by February. Certainly, this was a kind of dialogue going on about this, and I think, as the events moved on, a growing dissatisfaction of the whole way the German problem was developing from an economic viewpoint. The feeling was that these arrangements for administering Germany were quite unsatisfactory in terms of dealing both with the German population and with relations between Germany and other countries. In July, as I recall, Mr. Byrnes

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put forward a proposal for a treaty for the demilitarization and disarmament of Germany, a 25 year treaty. He wanted to have this as a kind of fixed point in our policy. I don't know what consultations preceded this, but I think that this was regarded as being a very major American concession. After all, we had withdrawn from the Rhineland negotiation in 1923. The American military didn't want to be tied up in Europe at all; they fought like cats and dogs to get the northern zones instead of the southern zones, but this wasn't because of any economic

consideration or because they wanted to control the Ruhr. It was just that they wanted to be able to pull their troops out without having to go through anybody else's territory. I feel quite certain about that. I sat in on some of those discussions in the working security committee when we were negotiating out, through the European Economic Commission, all the arrangements for the zones of occupation.

The man who was the chairman of the working security committee was James Riddleberger. He also was very prominent in the administration. He was Chief of the Central European Division of the State Department at that time, while the war was going on. He later went to Germany and was with Murphy, and he was there

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at the time of the blockade. He played a very key role in the development of our political policy.

There was a popular desire to get the boys back home, but, also, the military didn't want to get themselves involved in Europe. By offering the treaty to disarm Germany for 25 years, we, in effect, were giving commitment to enforce the treaty. I don't think there was any doubt in anybody's mind that it was the failure to enforce the military limitations on Germany that had been one of the key steps leading to the outbreak of World War II; the fact was that the Germans openly moved forces and only very light, token forces.

I can remember seeing pictures of cavalry crossing the bridges into the west bank of the Rhine, where the Germans were prohibited from having forces by the Treaty of Versailles. When there was no opposition and they were not forced down on that, the Germans then moved forward to exploit that position.

I think the Americans were quite clear that if you're going to have disarmament in Germany, it meant that you had to enforce it. That meant an American presence to be continued; a long-term commitment of American military force to the maintenance of peace in Europe. I think this was regarded by the Americans as a major concession.

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Mr. Molotov didn't exactly sneer at it, but he didn't welcome it. He stuttered and I guess he didn't particularly care to have the American military presence in Europe for a long period of time. At any rate, his reaction was not positive. Mr. Byrnes said, "If 25 years isn't long enough, we'll make it 40 years." And there was no response to that from the Soviets. I don't remember what the British and French said; I'm sure they welcomed it. I don't know what Foreign Relations of the United States reveals on this, but the detailed minutes of discussions are available in the files of the State Department, and I have them in my files.

The discussion then went on. I don't know whether all of these things came up, but my recollection is that this discussion then followed about the failure to obtain effective cooperation in the administration of Germany, the fact the different policies were being followed.

We were, of course, unhappy with the political actions which were being taken in the Soviet zone, but the economic problems, I think, came somewhat more to the fore in these particular discussions, and there was no response from the Soviets at all.

And finally Mr. Byrnes said, "Very well, if all

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four of us can't cooperate, then the United States is prepared to cooperate with any one or two others." That was, I think, the conclusion of the discussion.

The direct result of that was the British response, which was the negotiation of the Bizonal Fusion Agreement, which began, I guess, that summer and concluded at the same time as the peace treaty negotiations. The two all mixed up in New York later in the year.

Now, as I say, it's not clear to me exactly how far the policy of the government, really enunciated as government policy, had evolved. It was evolving, certainly, in the direction of feeling that something must be done to move ahead with getting Europe on its feet economically faster. The issue presented itself to us in Germany in a very clear question, which is, What was the significance of the Level of Industries Agreement? Does it mean that the German economy is to be maintained at that level?

Coming back to your question about whether Mr. Byrnes accepted the Morgenthau plan, I have no knowledge as to whether Mr. Byrnes ever addressed himself to the problem at the earlier stage, and I don't know that the policy issue has arisen as yet. We are trying to figure out what to do with the reparation

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problem, and it was only after you dealt with that Level of Industries Agreement that you could see where you went from there. But certainly, there evolved in American thinking the idea that Germany, under appropriate control to assure for security purposes, should be allowed to revive economically. This point was then publicly and dramatically made by Mr. Byrnes at Stuttgart in September during the Paris Peace Conference.

MCKINZIE: Dean Acheson said in his book at some point that he, at least, tended to underestimate, or to not see clearly, the position of Germany in the European economy. He uses the analogy that a reconstructed Europe without a reconstructed Germany is like (I think the phrase is), a body without a heart, that it only dawned on him in time that this was an economic entity and that you couldn't fragment, as a totally deindustrialized Germany would in fact do.

This also applied to a Germany whose industrialization and economic development was limited. I think that fits in with just what I have been saying, because I don't think that, at the highest level, the nature of the problem was perceived. Generally, I think there was a gross underestimate, except on the part of a very

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few people, of the severe damage which World War II had inflicted on Europe. America still looked on Europe as a powerful, wealthy group of countries who had suffered war damage. But it was expected that recovery would take place. It took some time and some events, particularly on the very severe winter of '46 and '47, for the truth to sink in. I think that it clearly was not in appreciation of the fact that Germany was the kind of "machine shop" of the European continent. I said the continent, because you have to exclude England from this.

MCKINZIE: There was a view held in the Treasury Department for a while, perhaps a few months earlier than this, that England could take the place in the postwar period that Germany had held in Europe in the prewar period. Had there been any really serious discussion about that at this time?

REINSTEIN: Well, I can't answer that, because my energy and activity was concentrated on working on the Italian and Balkan treaties. I would not question that, because it seems to me wholly consistent with the general approach which had been taken that lies behind the Anglo American loan agreement, the effort to put Britain in the position to make the pound convertible, and so on.

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There you have the Treasury at work, and it would be quite consistent with that kind of thinking to feel that England could replace Germany. If that thinking was done, it was done by people who were primarily financial people and not people who were concerned with problems of economic production or transport.

A good source for information on the development of the American thinking on this subject, is Professor Charles P. Kindleberger of MIT. Kindleberger had been associated with me very briefly in the financial division right at the time of Potsdam. The work on the enemy countries was spread around to the different offices, and they finally set up one office to deal with the economic problems of the enemy countries, or the occupied countries, as they were called. Kindleberger was made chief of that.

Later they found that the volume of problems was such that they couldn't handle the problems of both Japan and Korea and of Europe in one office. They divided between Germany and Austria, Japan and Korea, and Kindleberger continued in the German-Austrian.

Kindleberger had associated with him some extremely bright people. Walt Rostow, for example, was one of the junior officers there. Covey Oliver was in that office, as I recall. I can't remember who else

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they had, but there were a series of very bright fellows there, and I have no doubt that the thinking about the role of Germany and its relationship to the role of German economy came out of that office. Eventually, I take it, it rose to higher levels of the American Government, where the people who had not seen the problem--but who were also very brilliant men, like Mr. Byrnes and Acheson--then saw it in relation to what was happening. So, the development of policy went forward in a kind of rather logical way, I would guess.

As I say, I was not myself intimately involved in this. I was in and out at times; I came back occasionally, though not in '46. In '46 I never got home at all, but I did read telegrams and I remember the Stuttgart speech.

MCKINZIE: Was there a sort of background that led up to that speech? I read what appeared to be indications that Byrnes made it in something of an angry mood.

REINSTEIN: Well, in his book he says that he wanted to defer doing this but that the brutality of the presentation of the Soviet position in July led him to make the speech in September. That indicated, to my mind, that there was a dialogue that was going on between him and the Department. When I read the

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speech, I thought I saw in it the hand of Charles Kindleberger. I would imagine that probably the speech was written by Kindleberger and his associates, then rewritten by Mr. Byrnes and given the Byrnes touch.

One of the reasons I mention this whole thing as in relation to the description of the press conference is that there is always an interplay between events taking place at the same time. You can't compartmentalize this; the obstructionism being encountered one place and the obstructionism being encountered at another place certainly had an interaction on the development of thought on policy. Certainly, going back to something like '44 and early '45, the expectation was that we would, after the war, be in a situation of cooperation with the Soviet Union. It was also, I think, recognized, by at least sophisticated people, that this was going to be a kind of difficult and complicated process, because the Soviets had been isolated from international affairs. They were more or less in the position that the Chinese have been in until fairly recently.

One of the things that I think is very interesting is that the Chinese are playing the re-entry of their role onto the world scene in an extraordinarily shrewd way. In the very few cases there they felt their

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interests were involved, such as in the South Indian subcontinent, they have been tough, but from all the accounts I've had, for example, of how they functioned in the United Nations, they take

things a little at a time; they've got lots to learn, and they are very careful as to how they proceed. They know quite well that they'd been isolated from the way in which such things are done.

Now, the Soviets just didn't behave that way. I think our expectation was that, in fact the relationship would be a cooperative one, but a difficult one, partly because our systems were different and partly because of their lack of experience.

I can remember in 1944, after the Bretton Woods meeting, my boss, Pete Collado, who had been at the meeting (I don't know that the Soviets said anything very much there), saying, "Do you fellows realize that in every international meeting that we have from now on, there is going to be a Soviet representative?"

And this was going to be a change in the whole character of the relationship. The fact that we drew up the agreements regarding Berlin without having made more specific provisions for access--which we regretted and were criticized for later--reflected an expectation

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that there would be cooperation.

MCKINZIE: When you say cooperation, I gather that you mean political cooperation. What about economic cooperation.

REINSTEIN: Well, economic in the framework of at least a lack of hostility. For example, we had all this business with the currency plates, which I mentioned in a previous interview. This was an effort on our part to work out, while the war was still going on, the beginning of a system of economic cooperation in the administration of zones, because if we hadn't had a common currency, we would have created a situation in 1945 which developed in 1948, when we were finally driven into this currency reform action by our inability to obtain any kind of effective cooperation on the economic level and by the sheer force of events.

I mention this because I think there is an interplay. Byrnes himself says that he did not want to make this statement when he did, but he was kind of driven to it. He was driven to it, I suppose, not only by what was happening in Germany, but by what was

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happening elsewhere. If I'm not mistaken, what was happening elsewhere included, in the first place, what was happening right there at the peace conference, and also what was happening in Iran.

MCKINZIE: In all of this, of course, is the business of Henry Wallace proposing quite a different attack towards the Soviets, which upset Mr. Byrnes mightily. What was the reaction of the U.S. delegation when all that was being done?

REINSTEIN: Mr. Byrnes was not the only one who was upset. If there was anybody in the U.S. delegation who was not upset, I can't identify that person. We were absolutely appalled when we read this. I can't remember how this came to us, whether we read about it in the papers first or whether it was a telegram. We probably had both. It was fairly early in the conference. The conference began July 28th, and I think this was in August. We had squared off with the Russians and then this bombshell hit us. As I say, we were appalled. I remember that we were having a meeting of the Italian economic commission in the big conference room in Luxembourg Palace, with Willard Thorp sitting in a central position, speaking for the United States; Arthur Vandenberg on one side; and I on

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the other. I remember Senator Vandenberg getting up and leaving that meeting to go to the Hotel Merglise Morne for the famous telephone conversation with President Truman.

The word got around the delegation very rapidly as to what the substance of their statement had been, that either Mr. Wallace would be completely disavowed or the three of them would come home--at least that was what was said in the delegation.

MCKINZIE: Mr. Wallace had no defenders in the delegation? He had, of course, been the head of the BEW and all that kind of thing at one point during the war and had, I assume, contact with very many of the people who were on that delegation, at one stage or another of their careers.

REINSTEIN: That's right. But he apparently, unlike us, had not been treated to the direct exposure, over a period of time, to all these events, beginning with the Balkan countries, Poland, and everything else. I listened in fascination last evening to the CBS documentary on the Murrow-McCarthy confrontation and McCarthy's question to Murrow, in which he said, "How could we have turned over Romania to the Communists, if there had not been traitors in the United States Government?" He took the

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same point with regard to Bulgaria and in regard to Hungary. And I thought of what, in fact, had happened: Vishinsky going down to Romania and forcing the King to put in a new government, and Dekanozov going to Budapest. These are areas which were under the occupation of Soviet forces, and the American Government had absolutely no control over that. It protested these actions, and I never heard anybody ever defend them in the American Government.

Let me just make a reflection or two on the Paris Peace Conference. I was just looking at Mr. Byrnes' text, and I think I said before that there was no genuine negotiation with the ex-enemy states. Their views were heard formally, and we had various informal contacts with them, but basically what we were discussing were settlements to be imposed upon them, the terms of which were disagreed among the four powers.

I have one reflection to make, which is to divide up between those things relating to the territorial settlement, particularly the rather bitter fight over Trieste, and the other economic provisions which were really not related to the territorial settlement.

On the whole, as I look back on the positions we took, it seems to me we had learned something from the

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World War I settlement. Just to take one point, for example, in the Treaty of Versailles Germany was required to grant most favored nations treatment without any assurance of reciprocity. This was a point which is among the many bitterly criticized by John Maynard Keynes in his book, *The Economic Consequences of the Peace*, as being basically unfair and destructive of any ability of Germany to protect commercial interest in any kind of reasonable way. What we were able to get as a recommendation out of the peace conference was to have provisions for most favored nations treatment only on a reciprocal basis, not unilateral.

The provisions that we sought--transpired by Mr. Truman--about freedom of navigation on rivers, the provisions for laying the basis for development of commercial aviation, and the like seemed, to me, to have been on the whole far more moderate and far more fair than the kinds of provisions that were included in the 1919 settlement.

Now, as I said before, the conference really only made recommendations, and there were some which were agreed and then accepted, generally, by having received a 2/3 vote, which, I recall, the United States said it would accept. But there were many which remained very

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much in disagreement, and these disagreements were served up again afresh to the four powers when they came to New York and met in the Waldorf Astoria.

MCKINZIE: When you came back from Paris, did you have some time off to come back to Washington or did you go immediately to the meetings in New York?

REINSTEIN: We went right into the meetings. As a matter of fact, it had been contemplated that we would work on the boat coming over from Europe. It was the last voyage of the *Aquatanian* to New York. I remember, in my walks on the deck with Mr. Bevin, his comments on the building of that ship, the labor problems involved.

It had been arranged that meeting rooms would be set up on the boat so that the deputies and the committees of the Council of Foreign Ministers could go back into action. However, our Soviet colleagues refused to participate, and we didn't do any formal work on the trip. As a matter of fact, the Soviets stayed away from us completely. There was a certain amount of informal and unhappy comment in the bar among the British, French, and ourselves.

MCKINZIE: The Soviets didn't come down to the bar?

REINSTEIN: I don't remember seeing them very much at all on

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that trip, no. I do remember sitting around in the bar one time with Eric Decalvanel, who was my French opposite number, I guess, at that point, on the economic side. He later became Secretary General of the French Foreign Office. We were talking rather gloomily about our lack of progress, and Eric said, "Well, you know, maybe we're approaching this the wrong way. People always say that the trouble with peace treaties is that they get out of date so fast. Perhaps what we should have is perpetual negotiation. You can always keep bringing them up to date, and, what's more, there never has been a major war during peace conference, so that might be some guarantee for peace for the future."

But we came to New York in a very gloomy mood, as far as the more junior members of the delegation were concerned, I think. When we began our negotiations in New York, we found ourselves with the same old disagreements that we had before.

The impression I have, and I think Mr. Byrnes' book confirms this, is that the situation was such that there appeared to be no way out. Mr. Byrnes, who had attached great importance to the conclusion of the treaties--a fact that the Soviets, I think, played on to some extent--finally said, "Well, if we can't agree,

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we can't agree. We'll have to abandon the enterprise." He was ready to wash his hands of the whole negotiation.

This, in fact, brought about a change in the situation, when it became apparent that he was serious.

He made it clear that he'd had enough; there was no point sitting around hour after hour, repeating the same point in sterile disagreement. If we couldn't reach agreement, we couldn't reach agreement. We had to accept the fact, and we might as well stop and admit our failure.

This was during the first General Assembly meeting and I think that it had the effect of bringing the Soviets around. They did not want to take the onus of having the negotiations break down.

So, the negotiations did in fact begin to move, and when they began to move, they moved very rapidly. (I'm directing myself primarily to the economic negotiations.). There were those matters relating to Trieste, there were reparations negotiations, and there were the negotiations on the other provisions of the treaties.

Taking the last, these were the ones that, by and large, we were able to resolve in the economic committee. Mr. Thorp, my boss, insisted that I take

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the chair, and he sat behind me. That was a most generous action on his part, but he said that these are the subjects that I had been dealing with, the people I had been dealing with, and he felt that it would be inappropriate for him to sit as the American representative. So, I sat as the American representative, and he sat behind me.

We went through them, and in some cases we came to an agreement easily. In other cases we had a rather complicated and difficult negotiation. We had to evolve a compromise language of some kind which the Soviets could accept. In many cases, these were face-saving compromises that enabled the Soviets to say that they had obtained a change in provisions of the drafts. But we were able to get that part of it, with a lot of hard work, cleaned up.

MCKINZIE: You don't recall any major American change of policy or any major American change of position between Paris and New York? When the Soviets finally got the idea that it was going to be aborted if they didn't make some change in their position, was there any, other than face-saving, changes in the U.S. position that you recall?

REINSTEIN: No, I don't recall any. I divided these areas

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of negotiation into three parts, and we had made concessions for example, already in Paris.

Let's put the claims and reparations together as one heading, territorial related matters as another, and the other matters as a sort of whole wide range of technical provisions. In the technical provisions there really weren't any at all. The reparations were dealt with, by and large, in the economic committee, as I recall. We were able to carry on the negotiations at that level. We would report our recommendations to the deputies and through the deputies to the Ministers.

In the case of reparations, there was the whole problem of what to do about the reparations claims of other countries other than the Soviet Union, on which there had been great maneuvering and voting in the Paris Peace Conference, but no agreement. As I recall, this was handled by Mr. Thorp and the Secretary. The basic issue was how much the Yugoslavs, in particular, and the Albanians, I guess, were to get from Italy and what the Greeks were to get from the Bulgarians. Those negotiations went right up to the Ministers and were finally resolved at that level.

Then there was a third area, and this was the area relating to the Trieste settlement. We had done negotiating in the spring on the arrangements regarding

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the access to the port, and we had had a special committee that had done preparatory work on that at the four power level. As I recall, we had to finally polish that off, and that was worked out to our satisfaction. There was a number of other issues relating to the arrangements of the boundary lines, which were extremely technical and difficult to deal with.

As one can imagine, when you draw a line, you separate things; you find that a town is on one side, and its water supply's on the other side. You have the problems of that kind. We had some very difficult negotiations on a series of issues of that kind along the new Italian-Yugoslav frontier, in particular. And we finally got those worked out.

Then we had the Trieste arrangements themselves. At New York we finally agreed to the establishment of a free territory, but we came to realize that there were rather technical problems that would have to be settled that we hadn't explored at all. Since the basic character of the free territory had not been decided, it was very hard to come to grips with what provision you made for it. There was a very considerable question as to whether the free territory was viable at all. One of the issues that concerned us--and I don't

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remember exactly what we thought should be done about it--was the feeling of the Americans that were concerned with economic matters, and the British as well, that we had created an amputated territory with no economic hinterland and no assurance that it was really economically viable. There would, certainly, for some period of time, be a requirement for some [kind] of economic aid. The problem was where that aid was to come from and whether it could be given to all, because it vaguely sticks in my mind that the Soviets didn't want to have any aid given to the free territory; I don't know why. They could have had two possible motivations. One was the general suspicion they had of us, that this would be used as an instrumentality for exercising control in the free territory. Alternative, they could have hoped that the whole arrangements would collapse.

Not refreshing my memory, I don't remember how that worked out. The area of Trieste, of course, was at that time occupied by the British and the Americans on the one hand and the Yugoslavs on the other. We held the upper part of Venezia Giulia and the main part of the city, and the Yugoslavs held the Italian territory to the south of that in Venezia Giulia down to Pola, from which they had driven the inhabitants in

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a rather brutal fashion. They held the southern part of the city, which was split into Zone A and Zone B, as I remember.

As a matter of fact, until the final settlement was worked out and negotiated by Ambassador [Llewellyn E.] Thompson some years later, the situation remained that way, at least in Trieste itself. We continued for a long time to have a military government in Trieste.

There was a good deal of discussion as to exactly what to do with this. One of the fellows the French had there as a member of their delegation was Jacque Rulaf. He's a very well-known economist who has distinguished a certain amount of fame and notoriety as economic adviser to General de Gaulle. He was well known for his advocacy of return to the old automatic gold standard. Rulaf, with whom I negotiated a year earlier in London on the organization of the Paris reparation conference and the establishment of the Inter-Allied Reparation Agency, was very contemptuous of the view that there were financial problems of any kind. He made the comment that as long as you have military government, there's a balance of payments deficit, a political view hardly supported by economic analysis.

We did discover, once the character of the

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political settlement was established, that there was a variety of other matters that had to be dealt with in regard to this tiny little territory, notably what the application of the general provisions of the peace treaty would be to the territory. Were they applicable to the territory, was the territory exempt from those provisions, or what? So, we set about in the economic committee to try and sort this problem out.

Well, we got along a certain distance, and then we ran into a really quite major obstacle. The Soviet delegation took the position that all Italians who had moved into the free territory since the establishment of the Mussolini government would have their property confiscated. The Soviets found that they were, just by definition, Fascists. The effect of this was to really drive them out and confiscate their property, without any demonstration that they had done anything wrong. This was thrown into the economic committee one morning. We had a 10 o'clock meeting of the committee, to be followed by an 11 o'clock meeting of the deputies. (As I recall the pattern of the meetings--we were working under high pressure--was the committee first, then the deputies, and then the Ministers in the afternoon.) Well, I objected immediately, saying that this was perfectly outrageous, and that was supported

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by the British and the French. We were engaged in a very lively quarrel on this which carried right up until the deputies meeting. When the deputies came in we moved out away from the table, and then went up to the table. I quickly explained to Mr. Dunn what had happened, and he took on Mr. Vishinsky. A very acrimonious exchange took place at that level.

There was a rather interesting sidelight to this. The Soviet delegation had wanted to have some photographs taken of the economic committee. Of course, there had to be special arrangements with the security people to let the photographer in. The meetings took place on the 37th floor of the Waldorf Astoria, the whole floor being secured. This was the apartment of Mr. Lusius [Messenger] Boomer, who was then the general manager of the Waldorf. It was very difficult to

find space, and he had very generously made his own apartment available for the meetings. The American delegation had its offices and living quarters farther down in the Waldorf, so we hardly ever stirred out of the Waldorf except to eat, because most of us just couldn't afford to eat at the Waldorf on the per diem we were getting.

Anyhow, arrangements were made for this photographer to come in and take pictures, it being

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understood that he would go away and that no business was going to be transacted while he was there. Well, instead of showing up at 10 o'clock, the photographer came at 11 o'clock. So, he took his camera and he was walking around, while this quarrel was going on furiously. He took pictures and nobody paid any attention to him. And finally he began listening to what was happening. All of a sudden, I noticed that he took his camera, went over and sat down in a chair along the wall, and listened to the debate. This was a complete breach of the security arrangements. (I had one time flushed out a newspaperman who had managed, in the picture-taking, to insert himself between two delegations (this had happened in London, I think, the year before). We didn't know each other, and he could have been a member of the French delegation--we were sitting next to the French at that time--or the French might have thought he was a member of the American delegation. Actually, he was a British newspaperman. I passed a note to our chief confidence officer and he was hustled out. This sort of thing happens.)

At any rate, I know that this was a violation of security. But I thought that if there were any issue which a representative of the world outside this tight little community which was carrying on this negotiation

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should witness about basic human rights, this was a perfectly good issue, and so I didn't say anything. He sat there and listened, and finally made his way out, I guess.

We insisted on our viewpoint and the Soviets gave in.

MCKINZIE: Was that at the level of the deputies when this occurred?

REINSTEIN: This was at the deputies' level. I can't remember whether it went to the Ministers or not. But we were not going to agree to any injustice of that character, and we made our position prevail. We finally made our way through all these texts and reached agreement. We finished up around about the 11th of December.

Now, that didn't mean that they were ready and everything was all set. They required polishing, a certain amount of work to put them into shape for signature. I can't remember exactly where the final signing was to take place; I guess it was to take place in Paris. Since the French were to produce the final text, we had all to be in agreement with them as to exactly what they were to do. So, a remnant of the delegations were left to do the final polishing, which

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it was expected, would probably carry on into January, with perhaps a Christmas break.

Having gotten agreement on these texts, the Ministers then agreed to proceed with the work on settlements on Austria and on Germany.

In the case of Austria--Austria, of course, having been annexed by Germany--no state of war had existed, but the country was occupied. The Soviets took the position that the Austrians had collaborated, and this should be taken into account. Also, the Germans had made major investments in Austria, and the Austrians shouldn't have the benefits of those; those should go to the victor powers.

Again, I find myself in difficulty without the documents, because I can't remember whether there was something in the Potsdam Agreement about the German assets in Austria. It may be, I think, that the Potsdam Agreement did provide that the Western powers would receive the German assets in their zones of occupation in Austria, that the Soviets would receive the assets in their zone, and that there would be an agreement regarding the division of the assets in the City of Vienna, which was under quadripartite control.

That enters into the next phase of the story, but, at any rate, there was a requirement for a treaty

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dealing with that issue and straightening out our relations with the Austrians. It was not a treaty of peace, and it was called the Austrian State Treaty.

The Ministers agreed that the negotiations on this treaty would begin in London in January and that they would appoint deputies, as they had appointed deputies for the Italian and Balkan settlements, to carry on those negotiations and prepare the text for subsequent consideration by the Ministers. It was agreed also that the deputies would be appointed for the beginning of consideration of procedures for developing a German settlement, but not for the actual preparation of a settlement. And those deputies would meet also in London. The Ministers also agreed that they would meet to receive the reports for the deputies in the late winter, March, in Moscow.

And there was this little, sort of quadripartite task force that was left to do the polishing up of the text of the Italian, Balkan, and Finnish treaties. I was part of that group. Before very long I received a telephone call from Washington saying that I was to go to London in January to begin work on the German-Austrian settlement, at which point I said, "Well, I haven't been home in a year. Can I please come home and make some arrangements to get myself organized so I

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can go off again?" I wanted [to] prepare for what I thought might be a very considerable period of time. But that ended my association with the New York negotiations.

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Seventh Oral History Interview with Jacques Reinstein, August 24, 1973 in Washington, D.C. by Richard D. McKinzie, University of Missouri - Kansas City.

REINSTEIN: I might begin by clarifying--and here again I think we need the basic documents; I assume that these have been published now. I guess there must have been a press release at New York on the decision of the Council to proceed with the Austrian and German settlements.

The Ministers took separate decisions on Austria and on Germany. One has to remember that we were not at war with Austria. Austria had been annexed by Germany, and a decision had been made to restore its independence. But it was under Allied occupation, and there were a number of problems, connected with the reestablishment of independence and the liquidation of the German rule, that had to be settled.

Beyond that there was a considerable tug-of-war between the Soviets on one side and us on the other about the Soviet desire to take various things from Austria as German reparations, on the general premise (which was not without some foundation) that the Germans had rather substantially developed Austria. It was, of course, remote from the bombing bases in Britain. As a matter of fact, I think that probably it

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must have been beyond the range of the bombers we had in those days. We got as far down as southwestern Germany, but I don't remember that we were able to get flying fortresses or super fortresses as far as Austria. We could have flown up from the south, I suppose. I remember that that was a pretty hazardous business. On those long raids we lost many planes, because we couldn't send fighter cover.

Anyhow, the Germans had found it advantageous to build up an industrial base in Austria, and it was a kind of prime target for the Soviets to get stuff out of there. They helped themselves rather liberally, as they did wherever they went. But then they also saw a potential for maintaining an economic and a power base in Austria through the retention of control of certain industries and requirements of some of the Austrians to supply particular materials. At that particular time it appeared that Austria was going to be a very important source of petroleum.

In any event, things have gone rather differently, I guess, but from a supply and strategic viewpoint, the apparent petroleum supplies in Austria seemed to be very tempting to the Soviets. This was a major factor that was involved in the long struggle over the Austrian treaty, which endured from 1946 to 1955.

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We had made efforts during the meetings in Paris in '46 to crank up negotiations of settlement with Austria; we'd actually prepared a draft treaty, which we submitted to the Soviets. It was a rather quick, scissors and paste job, which Mr. Byrnes wanted to put forward tactically at one stage. As I recall, Riddleberger, Covey Oliver, and myself, ground out a draft treaty in something like 24 or 48 hours--instant treaties. But the Soviets weren't interested at that particular stage and didn't want to discuss it at all.

When the break came in the negotiations at New York, they did agree to go forward with the development of an Austrian settlement, and the Council appointed deputies to practically begin the work on the treaty in London in January.

They also agreed to start looking at a German settlement, but in a much more tentative way. It was in that connection that I think I was trying to describe the discussion as being procedural. The German deputies, I think, were really only authorized to work on the procedures for the elaboration of the German settlement.

MCKINZIE: Was that sincere or was that foot-dragging by that point?

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REINSTEIN: Well, the German settlement was a much more complicated one. Of course we had been through a rather curious and complicated procedure on the Italian and Balkan settlements, which hadn't been very satisfactory from the viewpoint of the smaller countries. But the smaller countries weren't basically much involved in those settlements. The only one that was really involved to any significant extent was Yugoslavia, and the Yugoslav interest was taken into account. The Soviets looked after the Yugoslavs, and then the British looked after the Greeks, so that they had a spokesman for their interest in the four powers.

When you came to deal with the German settlement, the interests involved were obviously much more complicated. I think (my recollection on this is not clear) that the big powers recognized that while they could, and would presumably, make the basic decisions on things involving security matters--which was certainly part of their general approach to how things should be run in the world--a good deal more was involved than just that.

Probably, we on the Western side were much more sensitive to this than the Soviets were. As far as the Soviets were concerned, once the Germans had been

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cleaned out of Czechoslovakia, the only major problems left affecting anything in their area of interest was the Polish interest, which was obviously a major territorial one and involved other things. The Soviets, I really think, probably had no concept at all about the kind of difficult, complex issues that would be involved in the reestablishment of German relations with the countries of Western Europe and the countries overseas.

My impression is that the Soviet foreign office at that stage and the people who ran the Soviet Government at higher levels simply did not have a grasp of what the fabric of international relationships between the countries that had a different economic and political system was like. It was very interesting for me to go, for example, to meetings of the Economic and Social Council of the U.N. a couple of years ago. You certainly find, in the levels that I dealt with, much greater degree of comprehension and sophistication. I'm not sure that they've grasped all of this quite fully yet, but they've certainly come a very long distance.

To me, one of the interesting things that's happened within the last few months has been the expression of concern by the Soviet Government with

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regard to speculation in the money markets and what's been happening to the currencies. Even though the price of gold's gone up, I think that they realize the stake which they have in the stability of a system to which they don't belong.

MCKINZIE: They weren't concerned, so far as you could tell, about that kind of thing in '46 or early '47?

REINSTEIN: They just didn't understand it. They had people who studied these things in the universities; I think they were just beginning. But they had to go outside of the governmental apparatus to find people who had competence. Take the people that they dragged into, say, the economic negotiations that I was involved in. One of the principal fellows I dealt with was a man named Aroutinian. He was from one of the Caucasian republics originally, and I think that's an Armenian name. He was a professor of economics at the University of Moscow, not a career foreign office man. Of course, we all had to go out and get people from the universities--we did ourselves--but I think that they had greater problems in finding the human resources than we did.

Another man that we dealt with was one that they took from the Gostock. I can't remember what his name

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was, but he eventually became the president of the Gostock. The Gostock was, I guess, the closest thing they had to a central bank, but really was primarily concerned with the internal financing of the economy in the boundaries of the plans. It had foreign business, but of a rather limited character, I think. They really had to reach out to find personnel to work on these problems.

So, as I say, I don't know what the Soviet concept was. As to your question about foot-dragging, it wasn't to them. As far as we were concerned, I think that we were very conscious that there were complex and difficult issues involving the interests of other countries. I never discussed this subject, to my recollection, with Mr. Byrnes or Mr. Cohen, but I think they must have been quite

conscious of the fact that the procedures that we followed on the Italian and Balkan treaties simply would not meet the ends of the German settlement.

MCKINZIE: How did they put together this delegation that was to go? How did you happen to get on the Austrian thing?

REINSTEIN: Well, actually I wasn't on it. They had two sets of deputies, and I was told that I had to go and

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work on the two delegations as the principal economic man. When they came to draw up the delegation list, they picked Robert Murphy to be the deputy for Germany. He, of course, had been principal political adviser to General Clay in Germany and, in effect, spent most of his time at the beginning of this investigation in London but used to pop back to Germany fairly frequently. We had a very capable deputy there, who would have been Riddleberger in those days, but Murphy was the deputy for Germany.

In the case of Austria, they picked General Mark Clark, who was the Allied High Commissioner. At one time it was called the High Commission for Austria, and then they changed it to the Allied Commission. I can't remember [at] what point they did that. Anyhow, he was commander or commissioner--they used different styles for describing what, in effect, was the occupation of Austria and the occupation of Germany, because of Austria's different status.

In the case of Germany, since we were only dealing with procedural problems, the delegation was relatively small. It didn't have to be organized to cope with a lot of substantive problems at that stage.

There were some several people on the political side; I was supposed to take care of economic stuff,

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and I had one girl, a junior professional, to help me. Then the American delegation for Austria was considerably larger. In the first place, General Clark had almost a free hand in bringing people up from Vienna. And, of course, the generals always go around with staffs. It's certainly difficult for a general to move around without three or four people accompanying him, at least in those days it was. (It seems to me that the Supreme Commander in Europe now gets around with, I think, just one aide.) They also had a quite considerable representation from the U.S. element of the High Commission, and then the State Department sent a fairly small contingent.

Now, when we got to brass tacks, I don't know whether the Department was a little afraid of offending Clark or what, but I was told by the Department that it was my function to work on both delegations, but that they would only name me to the Germany delegation and that I should just explain to General Clark that I was supposed to help him on the Austrian delegation. And I

said that I thought that this was a ridiculous idea; I had never met General Clark, and he didn't know who I was. If the State Department wanted to have a man on his delegation who would have major responsibility--as I had had in previous negotiations--for the economic

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problems, then they had to work this out with General Clark. They didn't do it. In effect, they took a more junior officer and put him on as an economic adviser, officially, and I was still supposed to advise General Clark.

I said that I just didn't think this would work, and I didn't see any reason why General Clark should give any attention to my advice just on my say so, but that was the way that it was set up in the rush. We finished up in somewhere around mid-December, then we had Christmas, and off we went to London.

I discussed this matter with my superior, Mr. Thorp, and I said that I had considerable reservations about this whole enterprise, because the procedural aspects of the German treaty didn't involve any significant economic problems. And I didn't see that I would be likely to be effective in the Austrian context. So we made an arrangement by which I would be able to indicate to him if I felt that I was not being effectively used, and I could be recalled to Washington.

In point of fact, it worked just about as I had anticipated. When I got to London I went and explained to Mr. Murphy what had been done, and he said, "You do know General Clark?"

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And I said, "No, I've never met him."

"Well, I'm going to have a drink with him now. Come on over and I'll introduce you."

The two delegations weren't even housed in the same building. The German delegation was housed at #5 Grosvenor Square, which had been the headquarters of the delegation of the Council of Foreign Ministers in the earlier negotiations. The Austrian delegation was in, I think, #20, the building that's used by the American military primarily, and still is, as the headquarters of the U.S. Fleet in Europe. That's been an American headquarters ever since World War II.

At any rate, General Clark had his offices there, and Mr. Murphy took me over and introduced me. Clark shook my hand warmly, said that he would like to talk with me, and if I would speak with his aide, his aide would set up an appointment. I spoke with his aide several times and no appointment was ever forthcoming, which was hardly surprising. The whole thing was done in an extremely odd way.

MCKINZIE: What did you do when the meetings started then?

REINSTEIN: Well, I didn't go to them. I wasn't on the delegation, no arrangement had been made for me to go, and I just didn't feel that I should push my way in (I

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can't remember whether they had passes or something like that). I simply went to the German meetings. I followed what was going on because I read reporting telegrams. In the second place, I was frequently in touch with the Americans who were formally on the delegation and followed the development of the negotiations as they proceeded. I think I did some negotiation on the side about some problems.

I must say that it was not an agreeable time to be in Europe, in the United Kingdom. This was in January and February of 1947, and the extraordinary strain which the war had imposed on Britain was beginning to make itself felt. We had cut off lend-lease rather abruptly. We didn't do it quite as abruptly for the British as we did for the Soviets, where we actually turned ships around--I don't think we did that. But, in a way, we carried on basically a cut-and-run policy, dragging all of our troops out of Europe as fast as possible and cutting off the aid as rapidly as we could. We did carry on some interim aid, and then we had the British loan negotiations, I guess, in '46. The purpose of this really, I suppose it would be fair to say, was to supplement the International Monetary Fund Agreement by enabling the British to make the pound convertible. There had been a good deal of

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debate at the time that the articles of agreement on the Monetary Fund were negotiated as to whether the Fund would be used at an early stage to help get things back on the rails or whether it was a longer term instrument.

As it worked out, I think, it came to be used as a longer term instrument. My impression was that the Fund didn't do anything for a very substantial period of time, except monopolize some of the best financial brains in the world that might have been more usefully put to work solving some of the problems with which some of the rest of us were desperately wrestling. Instead, they were sitting around in the ivory halls of the Fund at H Street.

But the strain was certainly showing in Britain, and it had been evident the previous year in the Continent. I think I said in an earlier conversation that one of the major errors that had been made was the failure to recognize (it's an understandable error) how seriously the whole fabric of relationships had been injured by the war. To this was added the way in which we dealt with Germany, because Germany was in an absolutely wretched state economically, and the occupations authorities did just about what the Germans under Hitler had been doing; they ran it as a kind of

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autoarchic state. The whole situation was an unhealthy one, with everybody having their tiny little resources and being willing, in effect, to barter them. Barter is not a very effective way of carrying on economic activity. It's very primitive; it is what people do when they don't know any better or when they get completely desperate. At any rate, the situation was bad, and it was made infinitely worse by perfectly wretched weather, a most horrible winter.

In Britain, during the period I was there for the negotiations, they had very severe cold. It was a cold of a character that they're not used to, with very heavy snows. The snows blocked the roads, and the general affect was to gradually slow down the whole operation of the economy. It came in a kind of vicious circle. You couldn't get the coal from the mines to the power plants; the power plants couldn't operate, so the power plants couldn't supply power to the mines and the factories; and over a period of about three weeks the whole British economy almost ground completely to a stop.

I remember that there were very severe power cuts. They allowed lighting in public buildings, but it was not allowed for private homes except for limited periods of time. I was staying in a hotel in

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Piccadilly, and the elevator functioned, I think, two hours a day, once in the morning and once in the evening; the rest of the time the elevators weren't in use. The old-fashioned house in which the German delegation was quartered at #5 Grosvenor Square had been the Countess of Beecham's house. It had a few radiators in the corridors which were completely ineffective, and we were heated by either fireplaces or stoves. We had a little, stuffy, retired British sailor, named Tom, who would come around with his scuttle of coal and give you a couple of lumps at a time. You would be faced with a problem as to whether you should burn this coal and hope there would be some more, or not.

The pipes under the floor of my office froze and burst, and when they burst they knocked out the electricity. We had been allowed to have electricity, but it wasn't very effective against the gloom of the London fog. But this knocked out the electricity, so we had no lights.

Literally, we couldn't read our papers. For some days what one did was to sit in your overcoat, with your gloves on and a scarf, in front of a little stove, just trying to keep warm. I suppose that the only relief was that when we did go to the meetings, we had

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maybe a little bit more heat, although the British are not renowned for heating their buildings. I have always been convinced that the old India office, now Commonwealth Relations, part of the foreign office, must have been built on a glacier. But I guess that we were meeting at Lancaster House in those days, and they managed to keep that warm.

I don't remember too well what we did substantively in the German discussions. There were views that came in from the various countries; I don't know how profound they were, because I think that the countries themselves were a little leery about making too strong and definite statements about things. But I suppose they must have compiled some record of what people's interests were. The procedural discussions for developing a German settlement, as I recall, didn't get anywhere; they just never got off the ground.

MCKINZIE: Then it would not be correct to say that there was some sense of urgency about getting a German settlement because a German settlement would alleviate the economic distress of Europe?

REINSTEIN: Well, I think the real focus was much more on the administration of Germany. The settlement really was something that I don't think people saw very

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clearly. Mr. Byrnes had made the effort in Paris the year before to get a kind of fixed central point, and we did have some points of departure.

One was that we had agreed that Germany was to be maintained as a single country and not to be dismembered. At least, we thought we had an agreement to that point, and, as I said at an earlier stage, when the French tried to raise that issue they were rebuffed.

So, while dismemberment did, in fact, eventually take place, it had not been determined and decided on in that stage. I don't think that the Soviets had come to that point. They still perhaps had the feeling that they could exert an influence over the whole of a somewhat reduced Germany--but it's hard to deduce from the documents how the Soviet thinking evolved. To me, it's a very considerable mystery, although heaven only knows that we spent hours among ourselves discussing this and trying to probe what we thought was going on in their minds.

It's much easier to see the evolution of the outlook from the western side and the course of events which led us down the particular path that we took. There was a sort of inexorable logic to the events that led you to the result. People think that these were

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sinister decisions. They are wrong; these were matters of life and death of the whole Western Europe.

MCKINZIE: What was the sticking point on procedural matters?

REINSTEIN: Frankly, I don't remember. I left before the negotiations in London were finished and the report was made to the Moscow meeting.

There were other things going on. One of the significant things was, of course, the British decision that they could no longer support Greece and Turkey, which was communicated to the State Department in late February, I guess. It must have been somewhere around about that time; it was a little earlier than that when I came back from London.

MCKINZIE: Did you come back at your own request?

REINSTEIN: I sent the message back to the State Department indicating that I would like to be recalled. It was done by prearranged code with my boss. I didn't see that I was accomplishing anything there and I thought I had better come back, and I had some other reasons. Of course, I was still concerned about the course of the Austrian negotiations also, because there was discussion going on, but it was bogged down on a number

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of points, most particularly on the question of German assets. This became the main point, the sticking point, of Austrian negotiations for years.

There were other points, many of them an issue in the negotiations, but I think that was the biggest one. It really had to do with whether Austria was going to be an independent state or whether there would be built-in domination of the country by the Soviets.

And the chronology here is quite important. As I recall, by that time, the Hungarian Government had been overthrown. You had civil war going on in Greece, with the Communists fighting the government and being supported by the Soviets. Of course, the Romanian Government had been overturned earlier, and there were the efforts to work out any kind of compromise government in Poland. We had hoped that the various elements would be able to form a government, but the Soviets ran through elections which put their boys in charge (so-called elections). So, one of the things that was happening, aside from Czechoslovakia, whose turn didn't come until later, was that the Soviets were digging themselves in for control in these countries one right after another. And so there was a threat--which was a real threat, not idle--of domination first of Eastern Europe and then reaching out into Central

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Europe. They had positions in Central Europe, in Germany and Austria, and they were conceivably a springboard for even further and greater penetration by the Communists. This was something which the American planners never really contemplated. They had really contemplated all the procedures and little things that had been developed on the assumption that while the Soviets might be difficult people to deal with, basically we were going to work out a cooperative arrangement. We understood that there were some things that they, with a quite different system, were not going to do. We understood that they weren't going to participate in some of the international organizations like the Fund and the Bank, although they did attend the Bretton Woods Conference. They did it, as they explained to us at the time, to avoid any appearance of lack of solidarity. But they said that their system was such that they didn't think

that the kind of agreement that we were likely to come up with would be of any interest or that it would be possible for them to cooperate in it. And that ended that.

But certainly, as the Soviet armies came through in the pre-peace treaties stage, and then after, they used their position to wipe out all opposition. They attacked and did away with people with whom it would

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have been possible, in a different atmosphere, to work with cooperatively. These were people who had been in the agrarian parties, the socialists, and the parties of that kind. And these people all went down in country after country; Peiek in Bulgaria, Belbaska in Hungary. So, this obviously began to color the relationships.

Then you had the dramatic development of the Truman Doctrine. It seems to me that that announcement was made after the Moscow Conference began. It was a very close coincidence. The Conference began in March, and the Doctrine was announced the 12th of March. My recollection is that I read this message as a telegram in Moscow and that I was already there.

MCKINZIE: Could you describe the circumstances between the time you came back from London and the time you left then for the Moscow Conference--what kind of preparations or briefings you had and what you anticipated about the Moscow Conference?

REINSTEIN: Well, there was the change of Secretary of State from Byrnes to [George C.] Marshall, and actually I did go to one meeting with him at which we discussed the Austrian settlement.

MCKINZIE: Again the question comes up, why you? You didn't

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participate in the Austrian negotiations in London.

REINSTEIN: Well, the State Department at that stage had decided to move in on the Austrian negotiation in a big way. In the first place, the Department was in a position to control who went to Moscow, because it controlled transportation; it controlled the allocation of the hotel rooms; it controlled the requests for visas. It was in a position to control this perfectly, so that the various military commanders in Germany and Austria were so disposed that they no longer really had a free hand to run around and do what they pleased. The fact that a general had taken charge of the State Department may have had something to do with this, too. He was not used to having subordinates run around and act independently, and I think General Marshall began to take charge of things, began to make decisions. He would request views, he would listen, and then he would decide.

At any rate, the State Department took charge of the Austrian negotiations. One of the things that was done was that practically a new team was run in under the leadership of General Clark. I can say quite clearly that General Marshall's expectation--because I know that it was put in writing--was that he did not

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think that the Soviets would be disposed to agree on an Austrian treaty unless we made concessions of a character which would prejudice the existence of an Austrian state. He had no intentions of making any such concessions, and he said so.

It was decided at that point that I should go to Moscow as the principal economic officer. I am a little vague as to what happened on Germany; I suppose that I was in on some of the German meetings, but I then really had to knuckle down and come to grips with the negotiation situation as it would present itself in Moscow. So, I don't think that I followed the German preparations too closely.

MCKINZIE: What was your assessment of the London meetings? Evidently, you learned more about it when you got back here than you did when you were actually in London.

REINSTEIN: I knew about it when I was in London. As I say, I read the telegrams and I was in close contact. However, I didn't have any responsibility for it, which makes a difference, of course. If you're not in the room, if you're not in the staff meetings, if you're not there to talk about whether you should do something on this article or not, all you're doing is keeping yourself informed. The decision was made after I came

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back to Washington to put me as the principal economic officer on the Austrian delegation. And they picked Ed [Edward S.] Mason of Harvard to be the principal State Department man on Germany. They had a very strong German delegation, and they had a strong delegation from Frankfurt, too.

MCKINZIE: Can you say something about the game plan, if there was one, for going to the Moscow Conference? A new Secretary of State, obviously, was entitled to some redirection of things, maybe new tactics if not new strategy. And if these meetings had not achieved very much in London, there must have been some anticipation of things grinding to a halt in Moscow and some tactic to get it moving again.

REINSTEIN: Well, I would think that, in all probability, the key lay, not in Austria, but in Germany. It always did. Austria was important, but not vital in the sense that Germany was. The essential questions that confronted German negotiators were the questions that had been already opened up partly in the Council of Foreign Ministers and in the Allied Control Commission in Germany.

As these meetings began, I got the other way around on Germany, that is, I became an observer on

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Germany. I looked at the papers. I attended the Council meetings whether they were on Germany or on Austria, but when I went to the deputies, I only went to Austrian deputies meetings.

MCKINZIE: You made a point that the Allied Control Commission and the Council of Foreign Ministers had already discussed most of the issues that were going to come up in Moscow.

REINSTEIN: It had discussed at least a number of them. I don't think that they had discussed some of the political issues bearing on the formation of a future German Government. That set of issues had not been ventilated, but there were a series of issues that had been discussed. There was the security issue, in which we had made the proposal for the 25, changed to 40, year treaty for the disarmament and demilitarization of Germany. That was developed by Mr. Byrnes and his advisers, and that position was maintained by the U.S. Government and put forward again by General Marshall at Moscow.

There was a series of issues respecting the running of Germany, particularly the German economy, and the degree to which the unity of the country would be reestablished. On this we were having difficulty

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with the Soviets, and initially with the French, as well. The French slowly came around, and while they never joined the Bizonal fusion agreement, they, in effect, came to terms. They set up somewhat parallel organizations and eventually came around to a more cooperative position.

Incidentally, part of that flowed from the negotiation which took place in Moscow during the Conference on the allocation of coal between exports and German internal consumption. The agreement was negotiated between the British and ourselves, that is, the Bizonal authorities, and the French. They then went down to Germany to officially sign it and publish it at Windom in the British zone, because they didn't want it to be known as a Moscow agreement. It promptly became known as the "Moscow sliding scale."

There was a series of economic issues, and there were various political issues. Of course, there were the boundaries issues, in which at that time the Soviets had already asserted the field and set the Neisse as the final boundary, which we disputed.

MCKINZIE: Was there what might be called a trade issue, on interzonal trade?

REINSTEIN: Well, there were the interzone trade problems

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that came up out of the Allied Council. And the longer you had these problems, the more the ultimate unity of the country was affected.

Now, of course, they were having raging inflation, and there was no coordination of policy in that regard. I don't remember exactly the extent to which that was involved in the Moscow negotiations. There was certainly, in terms of trying to develop the elements of a settlement, and issue of what amount people were going to have anything to do with the Government. The Soviets always had a handy formula for disqualifying anybody not acceptable to them, so that you always were confronted with this list containing names of people and the labels that the Soviets had given them. I remember an ironic comment which I think was made the year before by someone when we were negotiating the Balkan treaties. The fellow said, "A Fascist warmonger," which is one of the key phrases, "is a Balkan statesman who puts the interest of his own country on a par with those of the Soviet Union."

This was a kind of continuing stow-over of the problems that we had already had in Poland and all of these places. I don't think that there was any question that we recognized that the Soviet Union had a legitimate security interest in not having itself

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reigned by a series of hostile countries. I think that any American who had any knowledge of history, who had been trained in history and diplomacy, was aware of the fact that there had been an effort to establish a cordon sanitaire around the Soviet Union after the First World War and that the Soviets were extremely sensitive on this point.

Now, it is very delicate, when you deal with matters of this kind, to figure out that you have the right kind of a government, given the fact that you aren't really supposed to go around, in our outlook, deciding what kind of a government the people should have. Our outlook is that the people ought to be allowed to pick out their own governments. We find it even very difficult to deal with a situation in which they do this by force. It's very difficult to tell to what extent the government which comes in by force has the support of the population. That's a problem that I don't think we've been really able to come to a conclusion on. I mean, we've been living with this problem in Latin-America for a long time. And I think that what we were trying to do was to try to help a situation emerge in which you would have a series of broadly based coalition governments in which the various political elements would compete or coalesce.

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They probably wouldn't be able to compete too hard, because if they competed too hard, they would probably get into trouble.

MCKINZIE: Do you think this view that you just laid out was accepted by General Clay's advisers in Frankfurt?

REINSTEIN: Well, we hadn't reached that stage at that point, it seems to me, in the German negotiation. We had reached it in Poland, where we tried to get the two Polish Governments, the Lublin government and the London government, into some kind of a coalition, and it hadn't worked. That finally came to its climax just about the time we were going to Moscow. We were, it seems to me, just beginning to feel our way towards how you went about eventually getting, first, some kind of a central administration. The development of Germany was looked on as being one that you got to by stages. It was not intended in the basic documents, as I remember them--I think this goes all the way back to Potsdam--to proceed too rapidly to the formation of a government. We did think (and this is where we had great difficulty with the Soviets; we had had it earlier with French) that it was necessary to get some kind of central administration, run by the Germans, under Allied direction. We didn't want to run

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the darn economy ourselves, although, as a matter of fact, we had to make a number of very key decisions.

I think our concept was that the development of a governmental structure should be built up rather slowly, beginning at the local level and letting it sort itself out. I can't remember where we stood on the de-Nazification process at that point

I think we were pretty far down the line, at least getting into a situation, in our zone, where we had some judgment as to which were the bad guys and which were the guys that we thought we could live with--and I won't go so far as to call them good guys. There were good guys; Konrad Adenauer was a good guy, and there were refugees like Willie Brandt, people who were actually persecuted by the Nazis. Brandt had fled the country. Adenauer had holed up in a monastery. Of course, judgments made on these matters were not always perfect. The British removed Adenauer as Mayor of Cologne, following an action which the Nazis had taken; one can't describe that as being exactly brilliant.

MCKINZIE: Do you recall any discussion about using the Moscow Conference as an attempt to make Germany fairly self-sufficient economically, in order to end the drain of U.S. tax money for the support of Germany?

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REINSTEIN: Well, that was a continuing preoccupation and a source of discussion and contention. And it tended to be a source of contention between the State Department and the military. Both of them wanted to see this alleviated, and this was one of the reasons why we wanted to promote interzonal trade. This goes right back to July of 1946, when Mr. Byrnes said, "Well, if we can't get cooperation by all four powers, we'll cooperate with any one or two." That offer led to the creation of the bizon and eventually to some accommodation with the French. Our arrangements with the Soviets were really not satisfactory, and obviously we did want to lighten the burden.

Now, there were, however, certainly differences. I don't know whether they developed at Moscow or not. What went on between the Americans in Moscow I didn't know, because whenever I wasn't in a meeting, I was fully occupied with getting ready for one. I would say this because more the case in perhaps the Marshall Plan days, a little bit later on. Differences did develop between the authorities in Germany--and bear in mind these people weren't necessarily all soldiers. There were civilians. There were a rather large civilian staff in OMGUS, and there were State Department

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officers there, so you even had State Department officers in Germany arguing with State Department officers in Washington. This is not unnatural; it depends upon the way you sit, and the problems look a little different. But certainly disagreements did develop, and they were sometimes sharp at a later stage. Put it this way; I don't remember my colleagues from the State Department complaining about this during the Moscow meetings, and that's about the best I could say. My general recollection and general impression was not one of a great lack of harmony.

MCKINZIE: What was a trip to Moscow like in 1947? Now very many people did that.

REINSTEIN: No, indeed! I was on the first, and what was for many years, the only American commercial trip to Moscow. And I was on the first one out, too. The war had demonstrated to us the possibilities of trans-Atlantic commercial aviation. The Civilian Aviation Board had worked out routes. At that time it was contemplated that there'd be three carriers to operate into Europe; American Overseas Airlines, Trans World, and Pan-American. American Overseas had a kind of northern route, then Pan-Am came across somewhere in there, and TWA had more of a southern route. There

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were places where they competed, and there were places where they didn't compete, as I recall. Anyhow, the Moscow route had been allotted to American Overseas; the decision had been made several years before.

I was in the first contingent to go to Moscow. We went in waves from different places, particularly Washington. General Marshall went in a military plane, and there must be some description of that somewhere. Anyhow, I can only tell about my travel.

I went to Berlin, where we stayed overnight. At Berlin we picked up a Soviet navigator. This was in a DC-4, which is what we used in those days. The constellations which were in use for going to Western Europe were grounded for some period of time, but I think they were back into circulation. But an awful lot of the transportation was done by the old Douglas DC-4, which the Army called the C-54; a 4 engine, non-pressurized plane which didn't fly at a very high altitude. We picked up the Soviet navigator, and the reason that we stayed overnight was that we had to fly in the daytime. We flew in the daytime over Poland. I think we got as far north as the Baltic

States, because I remember that we flew over White Russia, and at a rather low altitude. The strong impression one had was

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of how little activity one saw. You flew over land which didn't look full; there was nothing much on the roads; you didn't have lots of railroad lines to follow. It was really a very different kind of thing than you were normally used to seeing, and you were kind of struck with an immenseness of space, but also a space that was being used only to a limited extent. Now, what extent this was a result of the war and what extent it's always been there, I don't know.

Anyhow, we flew in. We were required to land at the civil airport; the other people had military planes that were allowed to come in at the military airport. And there was a Moscow civil airport, which, I think, they had just been building. When we got there we ran into a technical problem, which is that they didn't have a set of steps that would reach up the hatchway of the door on the DC-4.

So, one of the first things that happened was that a whole batch of Soviet militiamen with Tommy guns got on and examined our passports. When you are traveling with a diplomatic group, this is not normally the kind of experience you expect.

MCKINZIE: Was this a full plane?

REINSTEIN: Yes. This was the first contingent to go in and

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included administrative people, security people, secretaries, and so on. This was a commercial flight, but these were all people who worked for the United States Government. We had all filled out a form to apply for a Soviet visa which had a question on it, "Have you ever borne arms against the Soviet Government?" At any rate, this large team of militiamen with the usual military equipment came on board to see if we were all right; this was our reception. After we went through that they solved the technical problem by attaching a knotted rope, and we slid down the ropes to the steps. I might say that when we left there was a set of steps that reached the door of the plane.

They had had a very heavy snow storm, and the first visual impression you had was that the principal activity in the place was removing snow. Of course, the thing that was very striking to me was the number of women engaged in this occupation. It was explained to me that if you did that kind of work, you got a heavy worker's ration, and this meant that they could buy more for their families. Times were hard for them just like for anybody else.

I will say that, unlike London, we were warm and comfortable. The British, I think, always operated

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under the thesis that they live in a sub-tropical climate, and they build their housing on this theory, whereas the Russians know that this is not so and they build rather solidly. We were comfortable from that viewpoint.

MCKINZIE: Had they made adequate physical preparations for the meeting?

REINSTEIN: Yes. They turned over what was actually the newest hotel in Moscow for the visiting delegations; it was the Mosela in those days, just about a block or so from the Kremlin. There were several other, older hotels there. This was apparently a hotel in which they housed visiting dignitaries and important people who came to Moscow from the other republics. These people were all cleared out of the hotel to make room for us, and the whole hotel was made available to us. We were quite comfortable, by Russian standards.

Almost all of us, except for four people, had shared rooms. The Secretary didn't; I think that the Secretary lived out in a residence. Mark Clark had a room by himself, John Foster Dulles had a room by himself, and, I think, Ben Cohen had a room by himself. For everybody else it was a kind of, I guess, caste system. Full generals and Ambassadors were given one

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set of treatment, and everybody else was given another set. (Well, this was also what the International Conference people did.) They tried to avoid any protocol problems, so they put Clay and Murphy together in one room. We have two lawyers, so they put the two lawyers in one room. I was the principal economic guy for Austria, and Ed Mason was the principal economic guy from the State Department for Germany, so they put the two of us together in one room.

We had one rather amusing problem, which was that every day they would bring us one big bath towel and one small one. Since we both bathed, we worked out a practical accommodation; one day one of us would take the big bath towel, and the other would take the little one, pat himself with it, and try to get dry.

Well, after some period of time, I hit on what I thought was a solution to this problem. I figured that the microphone in the room was probably in the ceiling fixture. We had beds at one end of the room, and then they had a little sofa and a table where we could sit and work or drink. I had managed to get this one whole case of whiskey into Moscow in the documents that I had sent. I was the only person who had a significant supply, which I shared with Ed.

Well, we were sitting there before dinner, having

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a drink, and I had an idea. I came and I stood in front of the table, and I said very slowly to Ed, “Ed, you know, the Russians have really made us very comfortable here. These rooms are very pleasant, and they’ve really gone out of their way to make our stay agreeable. There is only one thing that I have to complain about,” and then I explained very carefully about the towels. I said, “If they would only give us maybe two towels apiece and let them stay for two days, this would solve our problem.” Then next morning there were two bath towels.

I would like to tell about the working arrangements of the U.S. delegation, which I think has some implication with respect to the question that you put to me.

The delegation’s working quarters were in the Embassy residence. The chancery, which was down by the Kremlin in those days, near these hotels, just wasn’t big enough and didn’t offer adequate space; nor was it secure. It was thought that the Embassy or the residence was secure or could be made secure--that was before they discovered that bug in the ceiling of the Ambassador’s office. When that was installed, I don’t know, probably water. I don’t know whether bugging had that degree of sophistication in those days, but I’m

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not an expert.

Well, what they did was use the ballroom and the billiard room. This had, I guess, belonged to an extremely wealthy person in the old Czarist days. Anyhow, it was a great big ballroom. The Secretary of State had his office somewhere, but I don’t remember where he was. We were in very cramped quarters; everybody, aside from the Secretary as I remember, was in one of those two rooms, the ballroom or the billiard room.

Maybe there was a little extra space next to the billiard room, but at any rate, the billiard room housed, as I remember, John Foster Dulles, Clay, Murphy, and Mark Clark. Then Clark had an aide who sat outside. They were kind of cramped quarters. Everybody else--the Secretaries, the final message center, the professionals, the major generals, the ministers, down to the file clerks--were all in the ballroom. We had little tables that those of us who were doing professional work worked on. You just had barely enough room to put your papers down; that was about all.

Those of us who were working on Austrian economic problems had a table. I guess the political people had a table somewhere over on the other side of the

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ballroom. We had the German economic people next to us, and every time we’d get up and walk away, we’d find that the Germans had spilled over on our territory. We complained about the fact that they seemed to have acquired aggressive tendencies from working in Germany and that we did not appreciate this repetition of historic events.

Well, the reason I mentioned this is because I think it does have something to do with the question that you had. We lived in a fish bowl, and we saw what was coming and going, something about what was going on. When I say that I wasn't conscious of any sharp differences of opinion there, this was based to some extent on observation. The people who can answer your questions most easily are Mason and Kindleberger, because they were right there; they were the State Department people. Kindleberger, in particular, later was in charge of German-Austrian problems. He originally had the whole occupied areas responsibility, and then they broke it into Germany and Austria on one hand and Japan and Korea on the other. He took the German-Austrian economic office, and he had to do battle with the people in Germany on these economic issues. He would know whether problems of that character came up at that stage. I wasn't quite

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conscious of it.

MCKINZIE: Could you talk about the sessions?

REINSTEIN: All right. I don't know what the German deputies did. On the Austrian side, we continued the negotiations that had been begun in London. There were definite sets of proposals and documents. We went down them in a methodical way and argued about them at great length. We resolved, as I recall, a few things. We made, in a number of cases, new proposals on our side to try and see if we could resolve the deadlock. The negotiations, I think, on Austria went on pretty much in the deputies level. On Germany, I don't know what the structure was really; but an awful lot of the discussion at the ministerial level was really of the German problems. I'll say it was a dreary negotiation.

I sat through all these meetings, and my impression was that there was a very real and genuine effort made on our side to see if we couldn't find the element for making some progress on substantive issues.

As I say, I think the German show was the main show, really. I think that one of the questions that you raised in our conversations was the general American attitude. As I see it, we were concerned by what the Soviets were doing in Eastern Europe; we were

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very seriously concerned by some of these things, Poland for example, and other examples in Eastern Europe. We thought we had worked out some ground rules with them, and they were going busily along, doing things the way they wanted without paying any attention to these agreements. This is going all the way back to Yalta, one agreement after another, to say nothing of things like the United Nations Charter, which, after all, while never formally invoked, certainly had some bearing on what was happening in Greece, for example.

MCKINZIE: Was there any indication that the Soviets were taking any kind of different stance as a result of the Truman Doctrine speech that preceded these negotiations?

REINSTEIN: Well, it seems, to me, very difficult to tell whether it had any influence. I think you probably have to look at the Soviet performance in a longer time span. The Soviet behavior at Moscow was certainly consistent with what they had been doing before that.

I would suppose that the announcement of the Truman Doctrine must have had an effect on their attitude, but whether their attitude would have been basically very much different, I don't know. I think it's very hard to tell; it really requires a rather

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profound analysis of the development of the Soviet policy over a period of time, the character of which I haven't decided on myself. I hesitate to venture judgments on that. There was a kind of consistency in the way the Soviets were behaving right along, and I'm not at all clear that they had any serious intention of negotiating with us.

MCKINZIE: Since you were in Moscow, and obviously had the Russian translators there all the time, what about Russian public reaction to the conference? I assume that you were reading Pravda and Izvestia while these things were going on. What kind of reports were the Russian people getting about the conference at the time?

REINSTEIN: I think we were terribly used to the kind of stuff that they put in Pravda and Izvestia. They were constantly filled with attacks on us; that was the kind of reporting that the Soviet people were getting.

I remember reading one account in which the newspapers said, "Mr. Bevin made a lying propagandistic attack on the Soviet Union. Mr. Molotov replied as follows--and then was the complete text of Mr. Molotov's statement, with no indications of what the content of Mr. Bevin's statement had been at all. But

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this was rather standard, and I think we were used to this. There was no particular effect of this. One was conscious of small things. I remember that one or two members of our delegation came out of the hotel, and they were approached by a Soviet citizen who engaged in pleasant conversation; I don't know exactly about what. When they moved on, a couple of Soviet militiamen grabbed this guy and hauled him away--a rather clear evidence of a police state at work.

We had very limited opportunity for contact with the Soviet people. The first full day I was there I was out on the street and got lost. I finally had a crowd of about 18 people around me trying to help me; the only trouble was the while I asked questions in Russian, I couldn't understand the answers. Finally somebody asked me if I spoke German, and I said, "Yes." I explained very hastily that I was not a German, I was an American, because I didn't think they would be very friendly to the Germans. Anyhow, there were two people who spoke very fluent German and who directed me where I wanted to go. The people were very friendly.

The general impression one has of the Russian people is that they are friendly people. There are a lot of characteristics that they shared with what I used to think was the character of the American people.

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They have this big wide country, and they had to wrest what they had from the soil. My tendency is to say that they were friendly, but I don't see that this had very much to do with the conduct of the Soviet Government. I would not say that there is no such thing as public opinion in the Soviet Union; I think there is. It's something to which the Soviet Government is sensitive, but it certainly operates in a quite different way from public opinion in this country, for example.

MCKINZIE: Going back to the sessions of the Council of Foreign Ministers, is there any place at which it was apparent, to you or to the American delegation in general, that this was going to be a futile exercise?

REINSTEIN: Now, again, I distinguish between the German and the Austrian, because I don't think that they were par. There was a negotiation going on in Austria, and there was not a negotiation going on really on Germany, it seems to me. There was a very long detailed discussion of the German problem. It was really the first time that it had been done in detail at the ministerial level, at a conference that lasted for about six weeks--which is really quite a bit of detail on all of these things, there was a vast amount of repetition.

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You cover the same ground over and over again, always looking for some indication or suggestion, some change in wording, that may indicate a place where you can open up a subject for negotiation. My impression was that we didn't see anything of that kind.

Now, as I said before when I was talking about Austria, I was an observer; I wasn't really immediately involved. I went to all of the meetings of the ministers and I sat there. As I'd done in Paris, if I did not have something else to do, I always went to the meetings of the deputies or the Ministers, because I was a member of the delegation and had been for a year and a half. This was my occupation; my job was to work on peace treaties, and I didn't have any other job. Therefore, I attended meetings quite faithfully and watched what went on.

I'd say in my own mind that the treatment which the Soviets gave the proposals for a treaty for the demilitarization and disarmament of Germany, the Byrnes proposal which was then advanced again by General Marshall, reflected a lack of any desire to conduct a serious negotiation at that stage. There was one session at which Mr. Molotov advanced a set of proposals for amending the treaty. But what he did, as I recall, was effectively remove most of the substance

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and suggest putting in a whole series of Soviet positions which they knew were completely unacceptable to us. This was not an exercise in negotiation. They didn't really take any of the specifics and say, "Look, how can we be sure that you will do this?" I'm not sure they wanted us to do it. In other words, I'm not sure that, at that stage of affairs, they considered it in their interest to become locked up with us on a long term arrangement with respect to Germany.

It's hard to see why they wouldn't explore the possibilities of something. They had suffered badly at the hands of the Germans; they were scared of the Germans; they really had a long and bitter war. They're not the only people who did, but they came close to getting licked. They had the Germans invade deep into their territory, and they had a very healthy respect for the Germans and a fear of the Germans.

Now, in effect, what we said was, "We will guarantee you against the Germans rearming and attacking you once more." They didn't have the bomb at that time; they had a very large force, a ground force and air force. But they didn't display any interest in this. Therefore, the only conclusion, it seems to me, is that they didn't really want a serious negotiation or a serious arrangement with respect to

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Germany as a whole, at least at that time.

MCKINZIE: You told me a little story before we started taping this session about your reaction to the Soviet counter proposals.

REINSTEIN: Yes. As I listened to them and Mr. Molotov went down his list, I turned to a fellow who was sitting next to me and said, "As I understand it, Mr. Molotov says that this would be a very good automobile, if you jacked up the radiator cap and ran another car under it." Mr. Molotov went on to say that with the changes that he had suggested, perhaps the title of the treaty should be changed, and he gave it a different title. And I turned to my neighbor and said, "Well, now he's taking away the radiator cap."

I certainly didn't have the impression that there was a serious negotiation. We were negotiating, not very successfully, on Austria. The question as to whether we should try to compromise our position and try to get an agreement on the Austrian treaty at that session was seriously debated in the American delegation. Mr. Dulles was adviser to the delegation, senior political adviser, and he put forward a proposal (as I saw it, and I think this was quite deliberately his purpose; when it was so stated that this would be

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the effect, he didn't challenge it, as I recall) on the key issue of German assets. It was a form of words which could be interpreted by the Soviets to accord with their position and interpreted by us to accord with our position. It was a generalized formula.

MCKINZIE: What would have been the practical effect of that?

REINSTEIN: Well, the practical effect would have been to legitimize--this is the way the Soviets would have understood it--the Soviet taking of the property they wanted to take and the maintenance of very significant Soviet economic control, and therefore political control, over Austria.

The argument which Mr. Dulles made in favor of this proposal was that the American people wouldn't put up with continuing to maintain troops in Austria indefinitely, so we had to get some agreement to get our troops out.

Now, a quite vigorous debate went on on that, because General Clark, who was the deputy for negotiation of the treaty, took it head on. We had a debate in the delegation meeting in front of Secretary Marshall.

There weren't too many people who participated in

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that debate, I would say; a lot of them remained silent. I take satisfaction in the fact that I did speak up and support General Clark; the principal supporter of Mr. Dulles was Ben Cohen. The Secretary listened, I guess he asked a few questions, and he made his decision. He accepted Clark's position, which was consistent with the position that he had taken before the meeting; he didn't intend to make compromises of a character which would be prejudicial to the independence of a revived Austrian state.

So, we went on with the negotiations for eight more years and heaven knows how many sessions, until 1955, when the Soviets finally came around to deciding to work out a reasonable compromise, one that I think worked out quite satisfactorily. I have seen no evidence of dissatisfaction either on our part or the Soviets' with the situation in Austria. I don't know; there may be things that they don't like. But the Austrians were very discreet at the time of the Hungarian uprising. They had strong feelings about it, and they did open their borders. They've done remarkably well in many ways; the fact that Vienna is regarded as being one of the places in which negotiations between East and West can take place, I think, is an indication that the Soviets are satisfied

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with the outcome of the Austrian situation. I think it's worked out to everybody's advantage; it just goes to show that it is not impossible to work things out, if you have the will to do it. On the other hand, if you want to ram a mail fist down somebody's throat, that's a different matter.

MCKINZIE: In those staff meetings and in those negotiations, did the question of displaced persons in Austria ever come up? There were large numbers of displaced persons in Austria at that time, and they were constituting a considerable drain on General Clark's resources.

REINSTEIN: It doesn't ring a bell in my mind. Obviously, there was desire to resettle these people and get them in a different situation. I guess this happened eventually. I don't really know what happened to the displaced persons; they were eventually integrated into these countries, or they moved on to other countries. There was a good deal of help from us, I suppose. But I don't remember this being a significant issue.

MCKINZIE: At that point were you convinced that the Austrian negotiations were as far as they were going to go?

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REINSTEIN: This meeting that I described was rather late in the Conference. We weren't getting anywhere, and the issue that came up was whether we would try and rescue something out of what might have been quite a disastrous outcome by seeing if we could at least make some progress on Austria. But I think the conclusion that we reached was that there was no solution foreseeable, at that time.

Again, the Austrian and German situations were somewhat different in the sense that the Austrian deputies were continued and were given a fresh mandate to go back and see what they could do. In the case of Germany, the deputies were not continued. Such negotiations as were to be carried on went back to the Allied Control Council. However, there was an agreement to hold another meeting in London in November, which allowed a little more than half a year to see how it came out. At that point, the Austrian and the German problem would be open for discussion again, and you'd have a report from the Austrian deputies; that's about the way it was left. The end of the meeting I found rather odd, in the sense that to my knowledge there was no agreement as to when to terminate the meeting. We arrived at the meeting place

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one morning and found photographers were taking our pictures as we came in. I deduced, and I assume that all my colleagues deduced, that this was the formal end of the meeting. My impression is that we were thrown out of Moscow.

MCKINZIE: That was the traditional end of a meeting, when they called in the photographers.

REINSTEIN: That's right, but this had not been done by mutual agreement, to my knowledge; these were just Soviet photographers. It was just one way of saying, "Here's your hat, what's your hurry?"

MCKINZIE: Do you recall that last session?

REINSTEIN: Yes, I think it became obvious that this was going to be the end of the meeting, and I think it was at that session that they agreed to hold a further meeting in London.

MCKINZIE: What were the nature of the post-mortems?

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REINSTEIN: Well, I find that rather hard to answer. For one thing, we were absolutely exhausted. I got on an airplane that went from Moscow to Berlin, where we picked up a lot of exchange people and flew on to Washington, with maybe a stop at New York. Anyhow, the trip lasted 36 hours, which is a long time to sit up in a DC-4. I was rather exhausted when I got here. I didn't attend any formal session at which the meeting was analyzed, to my recollection, although I would have to look at my records. My own reaction was that I was a man without a job. They did ask me whether I'd go back on the Austrian treaty, and I said no. I had already spent a year and a half separated from my family, and I felt that I really had made a sufficient contribution out of my personal life, at that point, to this effort. I had no particular feeling that the further negotiations on Austria were going to get any results in any short period of time, and I was somewhat concerned about my wife's health; as a matter of fact, rather correctly. Anyhow, I went back to the place where I was normally assigned and opened another chapter in my activity.

MCKINZIE: Many of the surveys of this period say, in essence, that Secretary Marshall came back from Moscow

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and said that no agreement seemed to be possible on Germany and that some other alternative was going to have to be found. In those general surveys, there's some indication that he had an awareness that a reconstructed Germany was necessary to the future health of all of Western Europe, and that he began then almost immediately to think in terms of some way of integrating Germany with Western Europe, regardless of the position of the Soviets.

REINSTEIN: Yes, I would think that that was probably right, because my impression certainly is that Marshall came back from Europe with a very profound concern about the state of the European economy. This really brings us into the Marshall plan and its sudden development. I was at that time assigned to the Office of the Assistant Secretary for Economic Affairs. I had no specific function, except that my function was no longer being a member of the U.S. delegation to the Council of Foreign Ministers. I came back and stepped up to the desk and began to look around for something to do.

Very shortly after I came back, we had our weekly staff meeting, and I have a very vivid recollection of that. Winthrop Brown, career Ambassador, retired, was

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at that point head of the Office of International Trade Policy. He came in, while we were standing around in the outside office, with the Department of Commerce figures for our imports and exports for the first quarter of 1947. They indicated that we were running an export balance at the rate of 10 billion dollars a year, a condition which we would devoutly like to resume. But

it was regarding at that point as being absolutely disastrous, because it reflected the fact that our exports to Europe were completely out of balance in terms of their payment capacities.

I can remember that we went into the meeting and everybody was talking about this, saying, "Good Lord, all of our planning is wrong. This is going to require a major aid effort." At that particular time there was under consideration in the Congress what was supposed to be the final installment of the relief expenditures in Western Europe, on the order somewhere of between 300 and 400 million. Representatives of the State Department were telling Congress that this was the last money that they would ask for, and it was obvious that everything was going wrong.

Well, it was at this point that a whole series of developments took place, which had been written up by various people. They were described some years ago in

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Joe [Joseph M.] Jones' book, *Fifteen Weeks*. Marshall recalled Kennan back, as described in Kennan's memoirs, I think, very well. I looked at Kennan's book in proof and went back--this was when I was still in the State Department--and read the briefing papers in the Planning Staff and also such other papers as I could lay my hands on. And I read Jones' book at that time. On the whole, it seemed to me they give a pretty good reflection of what happened. The first thing that happened was that, after consultations with Congress, it was necessary to get the idea across to the American people that there was something wrong. There were speeches which were made that had that purpose. One was Acheson's Delta, Mississippi speech to the Cotton Council, and then I think there was a speech by Ben Cohen out in San Francisco. Both of these were an effort to focus attention on the fact that something was seriously wrong and something had to be done.

The Planning Staff was going into operation and considered this as its first priority, in accordance with the Secretary's instructions. It produces paper PPS #1, I guess.

MCKINZIE: Could you explain your first awareness of the existence of the Policy Planning Staff and how you came

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to be appointed to it?

REINSTEIN: It's the same thing that happened to me twice in my life, which is that I was a stand-in twice for this same man who was supposed to come and take a job but didn't. This was the late Professor Emile Despres from Stanford University, who died a short time ago. In 1943 he was in the OSS in Italy, and he was supposed to come back and take on the responsibility for doing the financial work for Liberated Areas Division. I was at that time doing some related work, and so they said, "You do it, too, until Despres comes." Despres never came, so I got involved in financial work at that stage, and that just sort of led into this peace treaty type of work.

Despres had been selected to be the economist on the Planning Staff, but there was some holdup on that and they needed somebody right away. They turned to the Economic office, and here I was with nothing to do and fresh back from Europe. So, I was dispatched to the Planning Staff, which consisted of a very small group. There were only five people, I suppose.

We sat and debated what should be done. The ideas emerged from the discussions, which, as George Kennan says, were often very hard.

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MCKINZIE: He, in one passage in his memoirs, says that the ideas were so tough that at one point he left the room and wept as he walked around the building.

REINSTEIN: They were hard discussions. At any rate, the discussions did generate this set of ideas, of which the writing was done wholly by Kennan.

MCKINZIE: In the generation of that set of ideas, why was there no military component to the plan that came out? There had, as I understand it, been some preliminary work done by the State, War, and Navy Coordinating Committee earlier, before the convening of this Policy Planning Staff, in which there had been some suggestion that both economic aid and military assistance would be required. Yet PPS-1 and presumably your earlier discussions eliminated the military components to that.

REINSTEIN: I suppose that we looked at the SWNCC paper; I don't remember it particularly. I feel that part of the answer to that lies in Kennan's own conception, which had been spelled out in the famous "X" article which appeared just about that time.

There really wasn't any discussion of the military side of that. Remember that we are talking 1947, and in 1947 and 1948 the situation radically changed. I

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don't know what the military were thinking at that point; I remember that there was a certainly good deal of nervousness at an earlier stage. (I didn't tell about the time when I was awakened in Paris by one of my colleagues who came and knocked on my door late at night and told me that we had intelligence reports that the Soviet forces had crossed the sector lines both in Austria and Germany. It turned out to be incorrect.) But I don't have any sense that there was a feeling that the Soviets were apt to move in Europe.

They had been countered by the Mediterranean flank, and, as I remember, they didn't react. I haven't studied the Soviet reactions to the Truman Doctrine, what was being said in their military journals and that sort of stuff. This is a highly specialized field, and I was busy on other things; I have never gone back and done research on them.

What we were looking at was a very urgent economic problem, a problem of economic and financial structure and how you got the economy working again. In our discussions, at any rate, there was not, to my recollection, any discussion of a military aid component in this. What military to give aid to would be the next question. There weren't very much in the way of forces in Western Europe. We didn't have very

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much ourselves. As a matter of fact, if anything had happened, we would have been in a very difficult situation; in Germany we had a constabulary there to keep the Germans in hand and a division to back them up. And the supply line of the division ran in front of the division. If the Russians had ever moved, they would have cut the supply line. The French didn't have any forces to amount to anything, though the British did. I suppose that we were giving help to the French by funneling stuff to them to help them in Vietnam. That's where their forces were, all in Vietnam. They didn't have anything in France.

MCKINZIE: Was there any kind of a consensus that the solution to the problem was purely an economic one and didn't need any military?

REINSTEIN: In the Planning Staff, this was, I think, the way we looked at it. I have no recollection of our discussing any military component in this at all. I think that Kennan's account of it bears that out. It was looked at as a very serious, overriding, desperate, economic problem. My guess is that if anybody had raised a military question, it was only raised in the sense that this would just complicate things to introduce a new set of considerations.

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MCKINZIE: There are some historians who contend that the Marshall plan which evolved from these discussions was required for purely economic reasons. There is the fact that the savings of Americans in the Second World War were depleted or spent by the first quarter of 1947, that that pent up buying power no longer existed, and that the American economy was headed for some kind of slump by the third quarter of 1947, if alternative markets were knocked down.

Against that, other historians have contended that the Policy Planning Staff was motivated by its belief that economic adversity caused people to embrace what might have been radical solutions to their problems of day-to-day existence, namely that "hungry people see red," that poor people will embrace Communism. So, you are faced in a sense with this two-pronged problem; was it necessary for domestic economic reasons, or was it necessary for international political reasons to stop Communism?

REINSTEIN: Well, as for the American economy, I certainly don't recall that being discussed. I think that it was looked at rather differently. As a matter of fact, one of the problems was how to get the Europeans to help themselves get out of this difficulty and really not

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become dependent on the United States, to have the whole concept that is in that particular paper and which finds a counterpart in the Clayton memorandum. The Clayton memorandum and the Planning Staff memorandum are very similar. As a matter of fact, the Harvard speech takes up language from both of them, actually, more from the Planning Staff part than the Clayton memorandum. But they were quite consistent in their approach. The problem was how to get the European economy moving again. There were a number of reasons for getting the European economy moving again. There was a danger of collapse of the structure in Europe. Now, what happens when you get a collapse? Maybe poor people see red, but they also see black; we had that experience. It was quite vivid in the memory of all of us who were working on that. The people seek desperate remedies, but you can't tell what will happen.

Certainly, it was viewed as being in the national interest of the United States to have a healthy, prosperous Europe which was politically reliable. After all, we fought two world wars for the purpose of achieving that result. If there were any savings or anything that was going down the drain, it was the expenditure of American blood and treasure that went

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into putting a massive army into Europe and defeating Hitler.

We had certainly developed a concept of a peaceful world in the United Nations Charter; of a prosperous world through orderly trade process in the Havana Charter, in the IMS Agreement, and so on. We had spent a great deal of time trying to see how you could set up a world which didn't generate wars. The wars that we had been concerned with on two particular occasions were European civil wars. So, I think that you've got to look at this in a very broad way, and we had a concept. We found this concept was in serious jeopardy, that it was a question as to whether you would have convertible currencies, whether you would have an orderly trading system in the world, whether you would have political violence and uproar, or whether you would move toward a stable, orderly, prosperous world. Certainly, we considered it to be in the American national interest, from a security, political, and economic viewpoint, that we have that kind of world. I don't think that the American's concept as reflected today in Government policy is terribly different from that. I think there is a great consistent in that policy.

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MCKINZIE: There evidently was some concern that if something didn't happen very quickly, especially in Italy and France, the forthcoming elections would yield Communist victories.

REINSTEIN: There was certainly concern. I remember that there was considerable concern about the Italian elections that took place in '48, I believe. The French had had Communists in the government when de Gaulle first came to power, but I believe that they left the government in early '47. But the French certainly had a Communist problem; they had it until 1952. And in the light of what had been happening farther east, I don't think that anybody drew any particular comfort from the prospect of having increased Communist muscle in Western Europe. You

don't have to go around finding Reds under every bed to be suspicious of the motivations of the Soviet Government.

And we had to face the question of whether this effort should include the Soviets, which we did. I think we recognized that we would have to face that possibility and that it would give us problems with the Congress. My recollection is that we discussed it in the Planning Staff in connection with the first paper.

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(There was a later paper, because after the Harvard speech there was a great deal more work which was done.) We talked about the problems this would give us with the Congress. There was some rather ambiguous language in the paper on this subject. As I recall, we decided, for the purpose of this paper, not to take this issue on. The discussion which took place revolved around the possibility of dealing with aid to the Soviets on a somewhat different basis than other countries, particularly on a loan basis.

Now, the Soviet Government had approached us and asked us for a loan in this famous note which got lost, and which it has been suggested was deliberately misplaced. (At least, I've heard that suggestion made.) I wouldn't be surprised if it did get lost, because we had some other cases like that. As a matter of fact, they finally set up a special procedure after one horrible example that didn't get lost.

What happened at that time, procedurally, was that any mail that came in went to the general message center, which at one time was called the Division of Communications and Records. If it was in a foreign language it was sent over to the Translating Services to be translated. I don't know exactly when this happened, but we got a rather important note from the

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Soviet Government, and it was sent to the translating services. The translating services treated it in a rather routine manner. They were busy, I guess, or something like that, or maybe their Russian people were on a holiday. But it took something like 18 days before that note arrived in the Eastern European Division. This caused a great uproar and reform in the procedures for this in the State Department. There is now, if you walk into that building, very close to the front entrance of the building, a room which has a prominent sign on it saying, "Diplomatic Notes To Be Delivered Here." When the notes are delivered, I guess, it's a practice, normally, to send a courtesy copy. If they are in a foreign language, the thing goes to the Translating Services, but a copy goes immediately to the geographic desk involved where they can read it. There is always somebody there who reads the language, so that you are protected now against this kind of mishap, because mishaps with Government papers are not unknown. Los papers, or misplaced papers, are not unknown.

We had a case in November 1941. After we had frozen and brought trade with Japan under control, no trade was going at all. About three months after this had started there appeared in the Commerce Department

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export records a quite substantial figure for export of cotton to Japan.

They traced this down, and they found what had happened to the form which the exporter makes out when he makes a shipment. It goes to the customs house, but this particular form had fallen behind a radiator. That was back in December, but nine months later someone happened to see this form, and, as a matter of routine, it was put with the rest of the forms and turned out.

So, as I say, it is not impossible, and it's particularly not impossible given the fact that the State Department moved very rapidly and sloppily during the war and in the immediate postwar period. Not that it's a model of efficiency now, but it was a period of growth. As a matter of fact, a lot of things are pegged down now that could easily have gotten past without attention at an earlier time. But as to whether that note was lost or not, I don't know. I just don't consider it inconceivable that it was lost from my experience in the Department of State.

But there was a fact that the Soviets had asked for a loan. By the time that their note was located and looked at, the state of our relations was not such as to make us very eager to do anything with them. I

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don't know whether the failure to answer this note had any effect on their attitude toward us or not. Again, it would be very difficult to say. Unfortunately, they don't make the records of the Politburo available, nor are they subject to subpoena. They really have executive privilege there!

But we did discuss this and thought that it might well arise as a practical issue.

MCKINZIE: There was some discussion in those early meetings of providing the Soviet Union with loan assistance, rather than grant assistance which was discussed for the rest of Europe?

REINSTEIN: Well, actually how the components would run, we didn't know. In the summer we began to hammer out some of the concepts, but we had been working with both loans and grants and wondered sometimes whether there wasn't something else we could do--perhaps a grant. It was assumed that in the case of some countries it would have to be largely grants, perhaps exclusively in the poorer countries. In other countries it would be a mixture of varying amounts. But we didn't deal with this kind of question at that stage.

MCKINZIE: There are some accounts of that period in the

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Policy Planning Staff which suggests that the Policy Planning Staff would provide assistance to Western Europe but had no intention whatsoever of supplying assistance to the Soviet Union. Still, it knew that if they supplied assistance only to Western Europe, world opinion would brand the United States with splitting the world into two camps, and, in order to avoid that stigma, they made the aid offer to all countries, knowing full well that the Soviets would not accept it, because there were too many U.S. strings attached. Therefore, the Russians would be responsible for drawing the lines and bearing the stigma for the split.

REINSTEIN: It's hard to reconstruct everything that has been said over a period of some weeks. The problem was Europe, and Europe involved areas which were under the dominations of the Soviet Union--parts of Germany, Austria, Poland, and, while they were not subject to its domination but clearly subject to a strong influence, Czechoslovakia. These were all countries with which the United States has historic ties and in whose welfare we have been interested. I don't remember it being thought that we should draw a line down the middle of Europe. As a matter of fact, some

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of us had been terribly much concerned that that had been the effect at the time of the Potsdam Agreement, as I said in an earlier interview, and that this division was constantly deepening. As I recall our conversations, I don't think we had the feeling that it was American interest to do that. What we presumably wanted to do was to eventually negotiate the ending of that rift. But certainly, we were not thinking of leaving the countries of Eastern Europe out of this, and this inevitably meant that the Soviets could come into the picture, if they wanted to. Now, whether they would want to or not, we didn't know. But when you mention the word "strings," if you look at that document it doesn't have much in the way of strings on it.

MCKINZIE: Well, it has strings only in the sense that it provides for a regional approach.

REINSTEIN: It provides for a cooperative approach, that's right; a cooperative regional approach.

MCKINZIE: But the Soviet view, presumably known to the people at that time, was one in which a so-called "shopping list" would be submitted of individual countries' needs, which allegedly would provide for

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self-sufficiency.

REINSTEIN: Well, the Soviets had wanted a line of credit from us, but I don't think that the people ever thought that the Soviet Union would participate in the way that the Western countries have a habit of cooperating. But there are different degrees and elements of

cooperation, and we managed to work up some of the succeeding years. As a matter of fact, to be perfectly frank about it, I had reservations as to how far the Western Europeans would go in engaging in genuine economic cooperation. I can remember saying to George Kennan in the course of those discussions, "You know, these fellows may well promise you something and get your money, but then when it gets down to brass tacks they won't do it." You have to take that consideration into account. We were realistic people, and we looked at the various possibilities, but I think that that statement that you asked me to comment on is actually an exaggerated statement.

I'd sort of rest my recollection on the fact that we thought--I think we really supposed--that it would be desirable for the Eastern European countries to come in. We didn't know whether the Soviets would or not, but at least we considered that as a possibility, since

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they had indicated a desire for aid.

MCKINZIE: Why were the European countries not consulted in the source of these things? It came as a bolt out of the blue when it finally emerged in Marshall's Harvard speech. Many times, something that would have the repercussions that the Marshall plan obviously did have would be felt out either through the Embassies or special missions. As I understand it there was no feeling out; for example, Bevin learned about it from his bedside radio.

REINSTEIN: Well, the big problem was not whether the Europeans would accept aid from the United States; the question was whether the United States would give aid, how you could find something that would be acceptable to the Congress. If you just went to the Congress and said, "Now look, these fellows are in bad shape, so we've got to give them some help," or "we've talked to them, and they say they sure would like to have it," the Congress would very likely have received this somewhat coolly. They might have done something, but whether they would have done it on an adequate scale, one might wonder. This is why the concept was developed, and it was put forward in these very eloquent words of Kennan's thing:

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The Europeans are in this mess. It's up to them to figure out how to get themselves out of it. If they can figure out how to get themselves out of it, and they can come and tell us what they need from us to make things work, then we can see how we respond. But it's not up to the Americans to tell them how to do it; it's up to the Europeans to figure their way out of that.

That is what the memorandum said.

MCKINZIE: Was that phrase in the speech, "Friendly assistance in drafting a proposal," a loaded phrase? Was it loaded in the sense that there was a preconception as to what Europeans needed and that they would be told what they needed?

REINSTEIN: Oh, no. This was a very delicately balanced phrase which was designed to indicate that we would be prepared to negotiate with the Europeans. But the memorandum is very careful to avoid any implication--and this language got carried over into the speech--that we would necessarily give the Europeans everything that they thought they needed. In other words, it was up to them to draw some kind of a plan for getting themselves out of this mess and to tell us how they thought we could help and respond. We could negotiate with them about this, but there was no commitment. We would have to see whether we could find the necessary resources. As a matter of fact, going back to the

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previous question as to whether we were worrying about American economy going bust, I think there was some concern that the demands on the American economy might be too large. We didn't have any idea as to what magnitudes of money we were talking about.

MCKINZIE: No ballpark figure emerged, I think, until later. As I said earlier, we had been completely taken aback by suddenly discovering this enormous problem on our hands which really hadn't matched with the planning at all. So, I don't know whether somewhere around somebody did some figures; these were probably some guys with sharp pencils that may well have. But I remember that there eventually did emerge the figure of about 18 billion dollars. I think that figure kind of emerged as a guess as to what we thought we could get Congress to do over a period of four years; it was not based on a kind of economic analysis. Actually, the figure was more than 18 billion, if you throw in the GARIOA assistance in Germany.

If I may, I would like to make some comments about the Planning Staff to put these questions into perspective. In the first place, the Planning Staff was a planning staff, not an operating organization. It existed for the purpose of giving advice to the

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Secretary of State.

In the second place, it had been thrown rather hastily together; this was its first effort. I don't remember whether I had met George Kennan before I went to the staff. I knew Ware Adams and Joe Johnson, and Carlton Savage, as I recall, had been a historian for the Department. Basically, I don't think that I ever worked with any of these people, and I don't think that any of these people ever worked with each other before. So, we were a group of people sort of thrown together, confronted with a question to which we brought out the various backgrounds of the group. I think I'm the only one who had much of a claim to being an economist; certainly George wasn't one. Ware Adams did economic warfare work, and maybe he did have an economic background. But we didn't have a tradition of working together. Also, there was certainly no written record of any of these discussions that went on over a period of some weeks.

The Planning Staff was something conceived by General Marshall, conceived in military terms. Your planners and your operators are two different breeds of cattle, and the Planning Staff was

not responsible for really figuring out how to put things into operation. This distinction, I think, becomes even clearer when

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you get to the post-Harvard speech period, when we really began to deal with what it is that we do.

These were only just general conceptions. I'm sure, in discussions of these general conceptions, that there was an awful lot of questions raised, ideas discussed. But the document really basically speaks for itself, because there may have been questions raised and then discarded. Either they were premature, there may not have been enough information on them, or there wasn't really anything to do. The main focus was how did you get something that would be acceptable to the American people. The American people had been asked to bear a lot of burdens. We had fought the war; we had given behind the lines aid; we had given two contributions to UNRRA of a billion dollars each, as I recall; we had put money in the World Bank and the Monetary Fund; and that added up to a lot of money.

MCKINZIE: Who was the expert on what the American people would accept in that group, on public opinion?

REINSTEIN: On public opinion, you didn't have to be an expert. You had to recognize the fact that the American people and their elected representatives, in the first place, had been given the impression that we were getting out of the aid business and that we were

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now confronted with a situation in which substantial amounts of aid would be required. You don't have to be an expert. You had to recognize the fact that the American people and their elected representatives, in the first place, had been given the impression that we were getting out of the aid business and that we were now confronted with a situation in which substantial amounts of aid would be required. You don't have to be an expert to know this raises a real political problem. How do you get away from the fellow who says, "Well, we've put up a lot of money. This is just putting money down a rat hole?" This is why the paper called for some approach to the problem by the aid recipients which promised that there would be an end to this; you would get out of it and it would be finished. They would work with their own resources and what they had from us towards a commonly agreed plan.

If you were doing that, you could justify another major American effort of a character which had not been contemplated by the government, by the elected representatives of the people, and certainly not by the people themselves. Nobody had any reason to believe they were going to be called upon to put up additional billions of dollars.

So, that was the germ of the idea; the rest of

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this was all built around that.

When it was being discussed I can remember the discussion, “All right, suppose we do this; how will we get this idea across to Europeans?” And the staff did not really concern themselves with that problem, because it was not an operating organization. If the idea was acceptable, it was up to the people who operated the State Department to figure that out. It was up to the people who operated the State Department to talk to the members of Congress; you had Assistant Secretaries for Congressional Relations, you had lots of people, and we were just a little group of five people.

MCKINZIE: Did you have any sense of the fact that you were proposing policy at the very top level?

REINSTEIN: Yes, we were making proposals to the Secretary of State at his request. We regarded this as a serious, important proposal and a matter of great urgency. As a matter of fact, because it was so urgent, I wrote another paper, the immediately following paper, which said that the situation is too urgent to wait for a general plan. There ought to be some interim action taken to get at key things that we can identify now that are blocking progress or are making the situation

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worse, without waiting for a general plan. Taking the general plan to a lot of countries, going and getting money from Congress, and all that sort of stuff is going to take some time. There ought to be something before that. And that document, which was not made public, proposed an attack on key problems.

At the later stage of development, following up on that document, we did identify one and did tackle it. That was the coal problem, which was generated by Ulbricht.

MCKINZIE: In those discussions, when you got to the key problems that would have to be countered, there must have been some discussion of the place of Germany in all of that. This is a very ticklish subject, because what you were doing, in a sense, was contravening either the spirit or the letter of the Potsdam Agreement.

REINSTEIN: No, I don't think so at all. Our approach to it was first made clear in the Stuttgart speech, that we didn't contemplate that we were going to sit on a German economy and keep it from developing; quite to the contrary. I think that's made very clear in this Stuttgart speech. Germany is the machine shop of Europe, for heaven sakes. Now, in order to get things

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going, we did have a program for taking industrial equipment out of Germany and putting it in other countries. This was a program which the Congress made us abandon as a condition of providing aid, because the Congress, even maybe more than we, were conscious of the key role of Germany. They said, "You fellows are crazy, because instead of using the machinery that you've got in place in Germany, you're pulling it out and moving it somewhere else, keeping it out of operation, maybe injuring it in the process. That doesn't make any sense, if you're trying to get things going."

And Germany, of course, was the heart of the coal problem.

It's been a couple of years since I looked at that paper that I wrote, and I forget exactly what the series of events was, but I kind of cruised the halls of the State Department talking to people to identify some of these key issues. They were in transport, in coal, and maybe fertilizer; I'm not sure.

On transport, we had something underway in the ECE, and all that was needed to do there was to just pep it up. Coal was the real problem, because coal was in the British zone. The British did not have the resources to put into the mines to get those mines

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going, and there were other things that had to be done as well.

So, what happened--and this is jumping on to a subsequent phase, but nevertheless, it perhaps illustrates the approach--was that we initiated talks that summer with the British, Anglo-American coal talks, on how to get at and begin to break the back of that problem. Out of those talks emerged the formation of the combined coal and steel boards. Up until that point, the British had administered their zone and we administered our zone. We did have some common institutions for achieving an economic unification, but the administration was strictly on a zonal basis. This brought us into the Ruhr administration as direct participants. We had joint American-British boards--the American engineers went in then to see what was going on; and the American economists went in. Out of it came two quite different programs on what to do with steel and what to do with coal, which had no relationship with each other. In the case of steel, what we did was bust up the cartels, or try to. In the case of coal, there were several problems. One was just to get the equipment that was needed to get those mines operative, and a certain amount of it had to come from the United States. The second thing was to get

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housing, because they didn't have enough people. It also required food, because you had to give the miners food, not only to feed them, but also to feed their families if they had families. It took an assault on personnel, housing, and equipment, and with a concentrated program we were able to get that thing moving, without waiting for the general plan. And that was certainly identified as one of the key bottlenecks.

MCKINZIE: Even when you were considering that, weren't there some political problems? When you started talking about the increased production of coal, for example, that immediately raises the French objections, does it not?

REINSTEIN: Oh no, my God, the French were screaming for coal. That was the whole point of the Moscow sliding scale. The coal production had fallen disastrously, the military authorities wanted to use all the coal in Germany, and the French were insisting that there be some kind of allocation between domestic German consumption and exports. Therefore, what they did was develop a formula by which they would take so many tons of coal a day and for each figure there would be an allocation. As it went up, progressively the export participation went up. The coal talks were the thing

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that put the muscle into the Moscow sliding scale by giving you more coal to allocate.

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Eighth Oral History Interview with Jacques Reinstein, August 25, 1973 in Washington, D.C. by Richard D. McKinzie, University of Missouri - Kansas City.

MCKINZIE: I would like to ask about the first meetings of the Policy Planning Staff. There's some folklore about it, part of which has it that a kind of scholarly atmosphere was contrived. One account has it that a paneled room was found and quickly refurbished with books and library facilities, so that the people who met in the Policy Planning Staff would be divorced from the bareness of the Department and have a kind of atmosphere in which a pure intellect could operate. Is that true?

REINSTEIN: Well, it was located, as I recall, on the 5th floor of that building that is referred to now as Old-New State, which was originally built for the War Department and which has been added on to now. When they built the building, the office of the Secretary and the offices adjoining that were set up in a rather more elegant way, which is true in most modern government offices.

If you want to go back and look at older offices like the Treasury Building or the State, War, and Navy Building, you can see this wasn't always so. In more modern buildings, the executive offices tend to be more

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elegant, wood paneled and the like.

At that time the office of the Secretary of State was on the 5th floor. The other higher offices of the Department attached directly to the Secretary, the Under Secretary, the counselor, and so on were congregated in the same area.

Since the Planning Staff was attached to the Secretary's office, it was located close to the Secretary's office. It was given a suite of rooms along the corridor parallel to C Street, at least one of which was wood paneled, as I remember. This was the room in which we met. It had a sofa and things like that. There was a place where you sat and talked, and it had a conference table. One of my friends referred to it at a later stage as the "planning parlor."

It was a conference room, a place which you could sit and talk quietly without an interruption. Who gave it what though I don't know; it was a good place to work.

MCKINZIE: But you didn't understand it as a place for isolation or a place where an atmosphere was to be contrived?

REINSTEIN: Oh no, it was right near other offices, and when you walked out to the elevator, you would bump into

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other people. It isn't like the places that they deliberately isolated for the purposes of getting away from the mainstream. I think this had developed accidentally with regard to the Foreign Service Institute, which is located across the river. It was intended to be there, but there was never any space for it. As a matter of fact, they finally decided that it wasn't a bad idea to be about fifteen minutes away from the State Department. While this wasn't too far in terms of communication by shuttle bus, it was just far enough to get a little bit removed from the main stream of operations, getting dragged into things. It was suitable to have what they do try to have at the Institute, and academic atmosphere.

We had a pleasant place in which to work, but I've been in a lot of pleasant places; I've been in other paneled offices, too.

MCKINZIE: Several persons who served on the Policy Planning Staff after this initial period said that they didn't remember very much about it. They regarded the Policy Planning Staff as a kind of board against which George Kennan could bounce his ideas and have indicated that Kennan was pretty much the Czar of the Policy Planning Staff. In the early days, did you feel that he had

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more influence than a normal chairman would have?

REINSTEIN: Well, yes. I remember that one time an argument was going on about something or other, and there was a substantial disagreement. George said that he was the boss. He didn't agree with us, the responsibility was his, and he would take it. There was no voting or anything like that.

Now, it all depends on the sort of thing you're talking about and who is involved in the discussion. Sometimes, it seemed to me that in this particular time period the staff probably performed different kinds of roles. I always thought it was a kind of useful thing to have around as a threat to the other parts of the Department. If they didn't do their work and do their thinking--because thinking shouldn't be the function of only the Planning Staff--the job might be taken away from them, going to the Planning Staff.

I think, in more recent years, it's gotten rather deeply involved in the kind of planning that really is of a much shorter range and perhaps should be done elsewhere. There had been times when this sort of thinking has drafted off in the hands of the intelligence and research people. These organizations of the bureaucratic character change all the time,

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depending on events, depending on the people who are in them and their personalities. There is a constant flow back and forth of power centers and centers of thinking; sometimes this is highly competitive. There are built-in tendencies in the structure of the State Department to create certain kinds of arguments and tensions, which are perfectly normal, because you can't possibly have a set of policies which apply to everything evenly. You constantly find yourself in a situation in which you have policy objectives which, in specific application, conflict, and you have to decide which has the greater priority.

This happens classically when you're dealing with two countries or two groups of countries, each of which you want to cultivate. They have interests which are in conflict, and you're obligated to take some position, by voting in the U.N. or by doing something else, which will favor one more than the other. You are constantly involved in this type of reconciliation of interests.

It happens much more, I think, with a big country, a powerful country, than it does with a small country. I would love to work at something like the Luxembourg foreign policy, problems infinitely easier than ours. I'm sure that Luxembourg has a set of relatively simple

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foreign policy objectives compared to those of the United States.

MCKINZIE: How would you deal with the European Division responding to what amounted to the takeover of at least policy possibilities in their area?

REINSTEIN: This was before the reorganization of the Department in 1949, and the responsibility for economic matters--and the thing we're talking basically about is a set economic problem--rested in the economic part of the Department.

Will Clayton was the Under Secretary for Economic Affairs, but he didn't actually concern himself with the detailed running of it. Then under him you had an Assistant Secretary for

Economic Affairs, who was Willard Thorp. He had a deputy; at one time it was C. Tyler Wood and another time it was Paul Nitze. I believe that Wood was deputy at that time.

When I was at the Planning Staff I retained my office in the economic section. As I said, I was on detail to them, but I maintained an office in the economic section that was called E. Now that I come to think of it, Wood and I had offices, with our secretaries in between, opposite Thorp's office. Under Thorp you had the whole series of divisions, dealing

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with trades, finance, occupied area problems, for example.

At a later stage, there was a reorganization. Basically, a simplified explanation was that they tried to center in a particular office all the dealings with countries or organizations. They would be dealt with so that, for instance, with Germany--which was the first one to be done because of our taking over the occupation--everything relating to Germany would be handled in one office, instead of being divided between a political office of Central European Affairs in the European Bureau, and an office of German-Austrian Economic Affairs under the direction of the Economic Assistant Secretary. But that reorganization didn't happen until two years later, and the European Division wasn't very deeply involved. They didn't have the trained personnel to deal with economic matters.

Whereas, E was loaded up with a lot of talent that had come from the Research and Analysis staff of OSS, which was taken over by the State Department. Part of it went under Research and part of it went into operating divisions. There were also various people who had come into the Department during the war from academic life and who had not yet returned. For example, Mason was a good one, and Kindleberger is an

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example of both, because he was both OSS and an academic type. And then there was a further influx of people under the War Manpower Act at about the end of the war.

So, the economic part of the Department had been, over a period of time, rather vigorously staffed up. It had a lot of human resources which the political part of the Department didn't really have; they kind of drafted out. But they had played a role in economic work in the prewar situation, when, say, the people in the Western European Division took a prominent part in the negotiation of trade agreements, and the only economic office in the State Department was the office of the economic adviser, which had about three or four people in the Trade Agreements Division.

But during the war, the economic staff grew immensely, and the problems were terribly complex. Gradually, they were taken over by the nonpolitical people, but, of course, there was always a political influx. Still, I don't think that the European Division played a very significant role in all this at that time, though, undoubtedly, they were in the picture.

MCKINZIE: Did there seem to be at that time any particular

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tensions between the people in, say, the economic division who dealt with the problems of a particular country in Europe and the people in the political division? Was there good communication, or did everybody just go about their separate business?

REINSTEIN: Oh, I don't think there were any particular tensions. When we later got to talking about German policy, then you had real battles because there were basic conflicts over what the basic policy was. But even within the European bureau, the way in which matters were handled would vary greatly. I know that when I was the director of German affairs, the thing that struck me was that within the European bureau, major issues in relation to the Soviet Union were handled not by the Eastern European Department, although it was brought in and things were cleared with it. Our basic negotiations with the Soviets at that time over German matters such as disarmament and security, which were conducted by the German office, where dealt with, as far as the European Bureau was concerned, by the Regional Affairs people. So, even within the Bureau you could have variations. This doesn't mean that there weren't communications, clearances, or things like that; it simply meant that

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the problems involved a kind of knowledge and expertise which were centered in another office. I can remember one time when one of my acquaintances said that he felt so sorry for the people who worked in German Affairs, because every time he went to a meeting they spent the first half hour explaining the background of the problem.

When you get into things like London, Berlin, or heaven only knows, you could carry on a recitation of a hundred subjects, all of which had a very complicated background. And this kind of background and knowledge--what the situation was on building access, air corridors, and things like that--you had to live with daily.

This would be true of even things like, for example, our negotiations at a subsequent stage about holding a second summit meeting. The correspondence became so complicated that it was really quite impossible to follow, unless you worked on it full time. At one time I was detached from my job as director of German Affairs to be on a team set up to just deal with holding a summit meeting.

So, you had to just immerse yourself into the subject wholly. This was particularly true of things like disarmament.

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MCKINZIE: What I am trying to get at is the issue of what the rest of the Department thought about the Policy Planning Staff when it was set up, whether they thought their own prerogatives

had been usurped, in any sense, by the PPS, and whether that made any difference in the way PPS was able to get information and cooperation from the divisions.

REINSTEIN: Well, I can only talk about this with respect to the two periods I served on the staff. One was in '47, the first time, in which I worked both in the spring and then during the summer on the European Recovery Program. Then there was a second period running from mid-'48 until the spring of '49, or something like that, and we debated German policy extensively. The situations and the problems were really quite different, and I don't think it's possible to generalize. I don't know what the attitudes in the Department were. I can talk about the specifics of those two things on which I worked. Basically, I don't really feel that, particularly in the first stage of the Marshall plan development, there were basic conflicts in the Department; at least I don't recall any. It does seem to me that the kinds of ideas which came from the staff, Clayton, Acheson, and others were

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all moving in the same direction and in a rather harmonious way.

When you got to the second stage, where you got down to much more specific issues, there were probably differences in opinion, but those again got resolved. Basically, if you're doing something, particularly if you're moving towards legislation, you have to resolve your issues, because in the final analysis you have to come out with something in which you take a position.

So, somebody at the top makes decisions where you have questions for conflict, unless you simply allow them to be unresolved. There have been periods and times when that technique has been used, and it had been charged by some people unfriendly to the European Division that that was their traditional way of doing things; leave a problem alone, maybe it will go away. I'm not sure it's a fair statement, but it's certainly an attitude which people had about the European Division's outlook, at times. There were other parts of the Department which were more activist, let us say.

MCKINZIE: What about Will Clayton's relationship to the Policy Planning Staff at the time of its formation? Did he take any personal interest in it, that you recall?

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REINSTEIN: I must say that I didn't really see anything much of Mr. Clayton at that particular time. I was closely in touch with Mr. Thorp who, of course, was his immediate subordinate, but Clayton was wandering around to a certain extent at that time. What I don't know is, after the staff produced its memorandum and it went higher up than the Department, what discussions there were and what happened. Obviously, it did go higher up, and Marshall, Acheson, Clayton, and other people presumably got into the discussion. What happened, I don't know. I went off to New Hampshire after the paper was written and spent 10 days in New Hampshire. I passed through Boston on my way back to Washington to take the Federal on the evening of June 5th of 1947. I had spoken with someone on the telephone who had mentioned that the Secretary had

given a speech at the Harvard commencement, and I bought an evening paper, took it into the club car of the Federal, ordered a drink, and looked at it. To my surprise, I found portions of the Planning Staff memorandum literally incorporated in the Harvard speech.

MCKINZIE: At the time you were writing the paper did you have any assurance that, or was there any indication that, this recommendation would be accepted? Did you

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have the impression that you were being asked for a policy which more than likely was going to be followed?

REINSTEIN: The Secretary was extremely concerned about the state of the European economy, and he yanked George Kennan out of the National War College faculty and told him to set up a staff and go to work on this problem. So, presumably they wanted recommendations, but when you make recommendations, that doesn't necessarily mean that they are followed. They can be disapproved as well as approved; people can disagree with them for all sorts of reasons.

I had one remarkable experience during the war when we had a tripartite, U.S.-U.K.-Canadian, examination of finances to UNRRA, on which I worked. The examiners came up with the conclusion that UNRRA should be given additional money, and this was forwarded up the line.

Every single person that it went to in the State Department disapproved of it, but it was an intergovernmental document, so it had to keep going up the line. Finally it went to James F. Byrnes, who was then War Mobilization Director. He said that he thought it made sense, and he approved it. So, you can't tell; you just make your recommendations to the

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best of your ability.

MCKINZIE: At the first meetings of the Policy Planning Staff, was there an immediate agreement among the members that the massive injections of developmental capital was going to be needed in Europe, or did that position evolve slowly?

REINSTEIN: I frankly don't remember the way in which the discussion went, but I think that we clearly understood at the outset, very quickly, that this required a massive injection of resources in Europe. The problem was, as I said in our last session, how to, in the existing circumstances, persuade the American people to make provisions for this unforeseen circumstance. There were many other things that the United States was concerned with, and you had to do it in a way that gave the assurance that it would be successful and there wouldn't be a continuing demand on the United States to bail the Europeans out.

MCKINZIE: Would you pick up the narrative of what happened after you had read in the newspaper about Secretary Marshall's speech?

REINSTEIN: Well, of course, things moved rather rapidly. The British foreign secretary, Mr. Bevin, had grabbed

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the ball and began to run with it rapidly. He organized this meeting in Paris to discuss what the European response should be to the Harvard speech. I guess that I read the telegrams at the time, and there was a disagreement in the Paris meeting as to what the response should be to the Soviets refusing to participate.

There must have been two meetings in Paris, one at which Molotov was present.

MCKINZIE: I believe there was one with the British and the French, and then there was the larger meeting.

REINSTEIN: Also, the Poles and the Czechs had indicated that they wanted to be in on this. Their response was a little different. The Czech response was very affirmative, but the Polish was a little bit more nuanced, I think. But nevertheless, they indicated that they wanted to participate. I can't remember whether it was later that the Soviets told them that they couldn't join in. I think it was a very short time after they left the meeting. I know that they vetoed the Polish and the Czech participation.

MCKINZIE: One time when I talked to Dean Acheson he said that Georges Bidault had the good sense to invite

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Molotov and the courage to run him away. He didn't elaborate on that at all, and I wonder if you can untangle that?

REINSTEIN: Well, speaking personally of Bidault, if those were the facts I would have no difficulty in characterizing him that way. I watched Bidault over a period of time and sat in meetings between him and Molotov along with other ministers. For a very long period of time France had only two foreign ministers; either it was Bidault or it was [Robert] Schuman. That situation prevailed from about something like ten years or more. Since I went to many meetings, I saw a great deal of Bidault, and he certainly is not a man lacking in courage.

Now, whether he ran them out of the meeting, I don't know. My impression was that the Soviets opted out themselves. As I say, I read the telegraphic accounts at the time, I guess, because by then I was back in Washington and seeing whatever came in. Also, this was in the newspapers. I don't know what kind of accounts were kept of those meetings. They were not meetings which we attended, of course, and I don't know what information we had in addition to the telegraphic reports from Paris and the newspaper accounts

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themselves. But based on a rather dim recollection, I would say that the Soviets took themselves out of this. What their motivations were, I don't know. It's not easy to listen to Mr. Molotov and figure out what in the world he means when he is talking.

Is Mr. Molotov still alive? I think so. When he was a minister to Ulan Bator during his period of exile, I often wished I could be made the first American minister to Ulan Bator, where there would have been a diplomatic corps of about four countries, and could have had a chance to talk with Mr. Molotov about some of the things that had gone on and what in the world the reasons were that they did things. I'm not sure he would have answered. Molotov's style of speech and method of dealing with problems was one that--I often had the feeling--was rather like trying to follow an octopus; you got this sort of inky fluid that obscured things. What in the world the meanings of the words were that he was using is extremely difficult to see. As I say, I think the Soviets kicked themselves out.

MCKINZIE: Where did the Policy Planning Staff pick up on this thing?

REINSTEIN: Well, what happened then was that the Europeans

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who did participate began to organize themselves to deal with the Americans. They indicated that they wished to take advantage of that famous phrase about friendly assistance and counsel. They set up a group which was headed by Herve Alphand, I think, who later was Ambassador to the United States. He was in the European army negotiations, and, as a matter of fact, was Attorney General of France.

Now, there were, I think, some preliminary contacts between the Europeans and the Americans.

MCKINZIE: Will Clayton was in Europe at the time.

REINSTEIN: Yes. My recollection is not exact, but we had some contacts which led to an understanding that there would be a meeting at some fixed time. Alphand would lead over a delegation, and we would have very full discussions. This then placed on the Department the responsibility of preparing itself for these discussions and for really facing up to a range of issues of a very complicated character that presumably would be involved in dealing with the Europeans and with Congress.

Now, that job was handled both by the Planning Staff and in the economic office, and I worked on both sides. The Planning Staff prepared a second paper, a

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rather lengthy one, which addressed itself, as I remember, to a number of the political issues involved, and some of the larger, less complicated economic issues. Anyhow, there had been some debate in the economic office as to how it should work on this, and there was some discussion about getting somebody to come down from New York and work on it. We debated that. I myself opposed the idea of bringing somebody in, and I said that the problems involved were problems that were crossing people's desks every day. To do the analysis really involved the drawing on the experience of the people who were working in the organization and seeing these things in considerable detail. Obviously, the pressures of work couldn't allow you to spend long, thoughtful hours on these problems in the daytime, and the only solution was to do it at night.

My idea was to sit around on somebody's back porch and blow about it, and the substance of this approach was adopted, but in a somewhat different way. What they did was set up a staff under Kindleberger--I forget how large it was--to prepare papers on various issues that were likely to be presented in our dealings with the Europeans. Then they had a meeting of the top people from several nights a week to examine these papers, and this went along intensively throughout the

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summer.

This group that met was called the Board of Directors. It was not formally constituted. There is no formal record of this in the records of the Department, any more than there is a record of having several on the Planning Staff. As far as I know, my personnel records don't even indicate that I spent two tours of duty with the Planning Staff, because I was lent to them, I wasn't assigned; it was a technical personnel difference, which meant that the economic bureau paid my salary instead of the Secretary's office.

But, anyhow, this was a working arrangement which was devised. I can't remember the names of all the people who worked on these papers. I think that one of the Salants was there, probably Walter. George Jacobs, I think, was there. I don't know whether Walt Rostow took part in that. But it was a very bright group of economists and really sparked by Kindleberger, and Kindleberger normally presented the papers.

Then the Board of Directors consisted of Thorp, Wood, and others--I can't remember them all. Nitze certainly sat in on this. In what capacity he did, what he was doing at that particular time, I don't know, but I seem to remember Nitze being there. Brown,

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of course, was responsible for trade. I can't remember who was responsible for finance in those days. There were several other office heads and then myself.

MCKINZIE: Did Kennan attend?

REINSTEIN: No, this was an E exercise.

Now, I was just sort of appointed liaison with the Planning Staff, because I would sit in the Planning Staff in the daytime and I would sit in the Board of Directors at night, and also I would read their papers during the daytime. So, I sort of acted as a point of connection, I guess.

In the Board of Directors, again you come back to the point I was trying to make of the difference between a planning organization and an operating organization. In the time that we agreed to have meetings with the Europeans, the responsibility for conducting those meetings, organizing them and bringing in the appropriate people, fell on the economic staff. They were responsible for seeing that the meetings were set up and doing everything in connection with having a meeting, all the gritty details about who is on the delegation, who's allowed to be in the room, where the meeting was going to be held, and everything else. That is an operating task.

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I don't remember, but some of this was obviously related to our congressional consultations. Meanwhile, the Planning Staff paper, which was really directed to the Secretary, I think basically was addressed to somewhat larger political issues. Without actually looking at that paper again, I don't remember. I did not, when I had access to the papers in the Department, look at that particular paper. I'm sorry now that I didn't.

I think that one of the problems that was dealt with was how much pressure should we put on the Europeans to move toward a political union. European integration was a topic of conversation for a long period of time. This was not the kind of thing that was dealt with in E. E. was dealing basically with economic matters. And I will say one thing about those papers that they did. This may be an overstatement, but my impression is that, in the course of the summer, that group of fellows under Kindleberger flushed out and identified every single policy issue that we were confronted with during the whole period of the ERP, including such things as the European Payments Union.

I remember a presentation of the kinds of problems which would be involved in the European Payments Union--although it wasn't called that yet. One could see

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that it was going to be necessary to have it. You're going to get away from this bilateral and almost barter type trade, some kind of increasing degree of convertibility among the European countries which was not of the kind that would fall within the universal concepts of the International Monetary Fund. There was going to be a problem of how you funded this, and one of the cases in which the American contribution would be necessary would be to get something like this started.

So, we had really a very brilliant analysis of this problem, prepared by Kindleberger, I think, personally. But there are a whole series of issues of one kind or another that came up, issues of a basically economic character, that were analyzed and that enabled the economic office to ready itself for discussions with the Europeans and for beginning to flush out the basic concepts that were eventually incorporated in at least the more technical part, the guts, of the ERP legislation.

But on the other hand, you had in the Planning Staff paper a good deal more of the political problem of how hard you should press the Europeans to move in the direction of political union and that sort of thing.

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I did a lot of talking with Kennan on some of these issues, and on some of them it was just the two of us that talked about them. One of the problems I remember Kennan and I discussing was whether you should treat the U.K. the same as other countries.

MCKINZIE: Was this the so-called “special relationship of the United States with the U.K.?”

REINSTEIN: Well, it wasn’t just the special relationship problem. I must say, I was the one who raised the question, and there were probably two sides to this. One was the question of whether we would continue to try and get sterling convertible. In other words, if we are going to continue our efforts to restore sterling as a reserve currency, financial relationships with the British necessarily would have to be different. (We had treated the British differently by giving them that loan, that was earlier in the year.)

The other consideration was the various extra European commitments that the British had, which again revolved in the sterling problem. The question I remember raising and discussing with Kennan was whether these problems were manageable, if you threw the U.K. in and dealt with them in exactly the same way that you dealt with anybody else. And Kennan’s response--and

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the results were probably reflected in the paper——was that he thought that, politically, it would be bad if the U.K. were treated on a different basis. He didn’t think that would be good in dealing with Congress, I think. While he thought maybe there would be problems, he thought that we had ought to start off on the assumption that you can deal with the U.K. on the same basis as the other European countries, and if it turned out not to be the case, you could always see what adjustments you could make. And I think that probably some reflection of that got in the paper.

Kennan, at some point, also had a feeling that the Truman Doctrine had been misinterpreted, sort of over-interpreted. I remember discussing this. He did not attribute this crusade against communism concept to the Truman Doctrine. He said that he thought there had been misinterpretation of the Truman Doctrine in the public mind and that at some stage we should try and correct this. I certainly know that within the general context of the discussion of the Marshall

plan this question did come up, which may be responsive to one of the questions that you asked me in our last session.

Now, that paper was finally turned out. It had a lot of political stuff in it; it was very highly classified and received rather limited circulation. It

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was basically a real think paper, whereas the E papers were all kind of action papers. I guess that in their totality they contributed to the development of the American position.

I didn't have anything to do with the discussions with the Europeans. They began to organize different groups of people and lay the foundations for the ECA and so on. I eventually cut loose after the preparations of these papers so that I began to move onto other work.

MCKINZIE: What about the business of integration of the European economy?

REINSTEIN: Oh, Americans generally had been for this. It seemed to me that the very general American attitude toward Europe was that it is ridiculous to take a train from Paris to Brussels and encounter a customs border in between. That's been the American attitude for a long time; it certainly was the attitude of Congress.

Incidentally, if I may make an observation about the writing of history in this connection, I think that there is a tendency to disregard the role of Congress. You have a great difficulty in getting into the papers of the State Department and finding out in detail what happened. The congressional record of what goes on in

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the Congress is extremely detailed and spread out for anybody to read who wants to take the trouble to read it. You have the records of hearings, you have committee reports, you have the debates on the floor; it's all spread out in the greatest detail, and it's all public.

There is a constant tendency--and this isn't just historians; it's also diplomats and bureaucrats--to somehow think that public affairs are conducted to a greater extent than they actually are by a series of eminences who live in fox holes in the various ministries and governmental departments and that, somehow or other, these fellows pull the strings and get something done.

Well, they perform a very necessary and useful function, and having done this sort of work myself, I'm hardly anxious to diminish its importance. But nevertheless, the Congress has repeatedly--in this whole development of policy toward Europe, in the ERP legislation, and in a number of other cases--played an extremely important role in formulation of U.S. policy. It has frequently pushed the executive branch into more advanced positions than the executive branch had contemplated taking itself.

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MCKINZIE: Is integration such an issue?

REINSTEIN: Well, I think there was a very strong feeling in the Congress about the integration issue. Congress also was very strong on having full German participation, on insisting that the dismantling of plants for reparations stop and things of this kind. They took much firmer positions than, say, the Department of State. On something like the dismantling program, the Department of State was trying to compromise things, and the Congress was saying, "You know, this doesn't make any sense at all. You ought to stop this nonsense." And then the department would go out with the unpleasant task of trying to persuade people to do things they didn't want to do.

MCKINZIE: You mentioned that both the Policy Planning Staff and the Board of Directors had talked about the business of integration. How hard did both of those groups think the United States should go in getting some kind of integration?

One European who has been interviewed by the Truman Library said that if the United States had taken stronger positions, it in effect had come up with what amounted to blackmail and said, "You don't get a damn dime unless you come into some kind of general uniform

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currency," that they would have done it. He said that the United States could have pushed harder than it did.

REINSTEIN: That's hard to say. I think the American position that emerged was written into the preamble of ECA legislation. I think we backed off of taking a position like that.

Looking back to what you had, you had the British really not being off in a completely different political situation from the continental countries, but still very much attached to the commonwealth and still wanting that special relationship to the U.S. You had a great deal of affinity between the Italians and the French, who had signed this treaty of Santa Margarita, as I recall, in which they were trying to work more closely together and integrate their efforts. You had the Benelux experiment, which had started somewhat earlier. And people talked about all sorts of possible combinations. The Europeans talked about this themselves, of relating the French-Italian connection with the Benelux; they talked about Fritolux. The British were working with the Scandinavians in forming a kind of bloc there which became known as Uniscan. The Germans presented a real problem; in the first place they didn't even have a government, and there was

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still all the wartime feelings. Somebody once suggested humorously that maybe you could put them in and maybe have something called Benefritz.

But I think that the feeling was that this was something that had to come from the Europeans themselves; it couldn't be dictated from the outside. If it was dictated from the outside, how long would it last? All our experience over a period of time indicates that these efforts to impose solutions that people didn't want didn't necessarily result in anything. And, certainly, the American experience itself indicates that until you're presented with a set of pretty hard facts that really doesn't give you many alternatives and a will to take action, nothing happens. Even the American unions presented a real problem, until they finally put the screws on Rhode Island by threatening economic sanctions against Rhode Island and Rhode Island was finally going to come into the union.

If you had major countries making decisions of this kind, perhaps they could have gone along far enough; but my guess is that they were, at that stage, too divided and too uncertain in their own mind for this. It's unfortunate.

The debate went on, and when we began to talk

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about the German problem and its later ramifications, it became very accentuated as to just how you could best promote the idea, particularly whether you approach it through the general way or the sectorial approach, which was ultimately adopted. There was a great debate on that subject in the Department at a later stage.

MCKINZIE: What about the debate on Germany around June or July of '47 about the place that Germany was going to play in all this?

REINSTEIN: I can't put specific dates on this. It became increasingly clear, I think, that Germany would have to be one of the major recipients, if not the major recipient, of aid. The German situation looked pretty desperate in that stage, and this presented a real political problem. If you're going to have the Europeans do what we wanted them to do--to work in common, looking at their own resources and looking at what they might later get from us to bring these things together in some harmonious way--the question of how the Germans fitted into this was a very real one. There not being any German government, there was only one way that it could be done, and that was through the Allied occupation authorities, initially. There were

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rudiments of a German economic administration at that point, of course, in the Bizonal Economic Council, but there really wasn't anything much to work with. And there was a real problem as to how you handle this in an acceptable political way. At some stage (and I don't know what the date was) the Americans worked out the concept that the occupying power--I think this worked out partly because the U.S. zone was kind of a deficit zone to a greater extent than the others--had an obligation to maintain an economy up to a sort of minimum level that would sustain the life of the place. The funds for this, therefore, would continue to come out of

the Army appropriations, the GARIOA appropriations, Government Aid and Relief in Occupied Areas.

The recovery element would be dealt with in the ERP. This meant that you didn't have to ask the Europeans to sit around and agree to Germany getting as large an amount of money as it was necessary to put in. It was a rather effective compromise, because it produced the results in the long run. Of course, we are still talking about a time before any of these things happened. People were just talking about concepts in developing legislation and getting ready to administer, and many of those things that we talked

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about didn't, in practice, happen until a year or two later. You have to go on to '48, to the currency reform and what was done then to get the German economy really on their feet.

MCKINZIE: Why was your detail to the PPS ended in 1947?

REINSTEIN: Well, I was lent to them only for the purpose of working on this specific problem. They initially wanted to have some economist, but then I had gotten on this specific problem, and I don't know what they went on to after that.

There were other problems that needed to be worked on, the follow-up of the treaties of peace, for example. There wasn't any organization for doing that, and since I had been the person who had been working on the treaties of peace, that's one of the things that I worked on at the time. Then I'd say that over a period of time I gradually found myself becoming more and more involved in the German problem; it just sort of moved on and began sopping up taking up more and more of my time. I can't remember when the peace treaties went to the Senate, but I must have worked on the presentation.

We signed them the end of '46, and then there was all of the basic work that had to be done on preparing the analysis of the treaties and all that sort of

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thing. Then there were hearings on them. They weren't ready to go while Mr. Byrnes was still Secretary, I don't think, although he was the logical man to defend them. He must have come and appeared as a witness, but I don't really remember that. I do remember that this was one of the things that needed to be looked after, because the following year I went over to Europe to talk with the various people who were working on the treaties. I had been asked by Mr. Dunn, when he went to Italy as Ambassador, to go to Rome and work on the peace treaties in the Embassy. I did not accept that invitation. I didn't think that there was enough of a job on it. I was sort of planning to go, but then I was a little concerned about my wife's health and I decided I wouldn't go abroad, so I stayed here.

MCKINZIE: Most of your time, then, from the summer of '47 on, became devoted to German problems?

REINSTEIN: Well, the German thing began to sneak in, I think, probably more in the following year. I'm a little vague about what I did in that particular period. There was a period of about eight or nine months or something like that. Certainly, I worked on the peace treaties.

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MCKINZIE: Did you have to go to Congress with a presentation of the legislation on the Marshall plan?

REINSTEIN: No, I didn't work on that. I went to Europe in June of '48, and we had a conference in Rome on the implementation of the peace treaties and where we stood about them. We brought in people from the Balkan countries--we had people in each of these three Balkan countries who were following this. Llewellyn Thompson was Ambassador, and Ben English of the legal division and I went over for that. I went up to Paris to some other discussions; I don't remember what they were. I remember that while I was in Paris there was the dramatic break between Yugoslavia and the Soviet Union. I remember reading Humanite on the subject. But I'm not highly sure what else I did. I was special assistant to Thorp and probably did a variety of jobs at one point or another, putting out fires or something like that.

All the time I was in the outfit, when I wasn't off on some other specific job, I did a great deal of this individual dealing with a series of spot problems that somebody had to be towed off to do or that, in fact, would be brought to me by people in the economic staff. They would say that there was a problem that

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had arisen about something or other where some leadership was needed from the Assistant Secretary's office. You had more than one office involved, and the thing was tending to get bogged down. What was really needed was to have somebody call a meeting.

When did we get the Ruhr authority? That's one thing I worked on, and that must have been in '47 or '48. We gave the French a commitment at some point--my impression is that it was in '48 and not in '47—that we would set up an international authority in the Ruhr. It was a conference which was to be held in London. The British were hosts, and they kept pressing us to agree to a date to start the conference. The Americans kept holding back, because although they had agreed to this concept, they didn't even know what the dickens was involved or what they wanted to do. And finally, I took hold of the problem and I persuaded the State Department to agree to a date. Then I assembled a committee that would work out a series of negotiating papers and, once that got set up, various position papers and detailed instructions.

As a matter of fact, it was one of the last instructions in the old formal sense that I ever drafted. They used to have written instructions which would be addressed to the Ambassador and say, "Sir, you

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are hereby instructed to do this, that, and the other thing," or in informal style, "the Secretary of State presents his compliments," "Honorable the American Ambassador," etc. You had to write these things in English instead of in cablese, or bureaucratese, and they were a great discipline. They were the traditional form of American diplomatic instruction. And the last one I think that I ever wrote was the instructions for the negotiation of the Ruhr agreement.

So, in June of '48, I went to Europe and I came back, and the things in that particular time were very quiet. I had spent most of the month of July in Washington and set off for New Hampshire at the beginning of August. I had no sooner got there than I received a telephone call and a telegram instructing me to return to Washington and go to work on the Planning Staff on Germany.

MCKINZIE: We'll go back now to the meeting in London in December of 1947, if you would pick up the narrative after leaving the Policy Planning Staff in the summer and then going back to London.

REINSTEIN: Well, it started probably somewhere around September, I suppose. I don't remember the exact circumstances, but as it comes back to me now, my basic

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job having been being a member of the delegation of the Council of Foreign Ministers, which were due to meet again in the fall, this led me to return to my base of operations and become involved in the preparations for the London meeting. Although, I think I did various other jobs, particularly on the Italian and satellite treaties.

Now, I don't remember exactly what the preparatory work was for the London meeting. We did papers before we went to the meeting. In those days one traveled by ship frequently, and we went to the meeting on the S.S. America.

MCKINZIE: The whole delegation?

REINSTEIN: Yes. I'm not sure about Secretary Marshall, but certainly the bulk of the delegation was on board ship. It was about a week's trip across the Atlantic, and that week was spent in tossing in the rough North Atlantic seas and holding meetings on the preparations for the conference.

We left Moscow with no great hope of believing that the Soviet Union would be more cooperative in another meeting, but nevertheless we had not wished to break off the negotiations. In the interim, the major development had been the refusal of the Soviet Union to

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participate in a coordinated European recovery program or allow two of the Eastern European countries to join in. So, as we approached the meeting, it seemed to us that the prospects for success were not very great.

MCKINZIE: So far as you recall, there were no new proposals that the U.S. was prepared to advance?

REINSTEIN: One of the things that we did was to review in a great deal of detail the proposals that we had made during the Moscow meeting. We had advanced a number of compromises in an effort to induce the Soviet Union to enter into negotiations. As we looked over these papers, it seemed to us that many were quite risky.

MCKINZIE: Risky in what sense?

REINSTEIN: Well, they were risky in terms of basic interests. We had already made compromises which the absence of really good faith on the part of the Soviet Union made risky, from the viewpoint of our broad-sense interests in Europe. I remember one of my colleagues saying, "Suppose the Soviets accepted all of our proposals; could we live with them?"

So, we had thought that we had gone really quite far in laying out a basis for trying to find out whether negotiation was possible.

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I don't think I followed the Austrian negotiations very carefully; at that point I was working on Germany again. The Austrian deputies had been working and had been developing extremely complicated proposals of one kind or another with regard to the German assets.

After the rather unfortunate experience that we had with the earlier Austrian negotiations, we had decided to focus on this German asset problem. We had put together a team to work on it and to try and see if they could do something with the Soviets.

The head of our negotiating delegation at that time, I think, was Joe [Joseph Morrell] Dodge, who had been director of the Bureau of the Budget; one of the authors of the Currency Reform Program in Germany, the Dodge-Cohen-Goldsmith plan; and president of the First National Bank of Detroit. He was a man of great distinction. Another member was an extremely able lawyer, [Charles] David Ginsburg, who had served in various capacities in the Government, among them in the OPA where he was the first boss of Richard M. Nixon, when Nixon worked on tire rationing.

At any rate, we had at least two people, a banker-economist and a lawyer, who were supported by a quite able staff. So, we really attempted to put our best foot forward in trying to work out a detailed, inch by

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inch, property by property negotiation with the Soviets, trying to find a solution to the Austrian treaty. When there are questions as to whether we were trying to do something, it was this kind of evidence, it seems to me, that is important.

Now, in the German field, the exact state of those negotiations I don't remember. There had been a lot of exploration, and a lot of proposals had come largely from our side. And there had been negotiations, but they hadn't reached any point where one could look for a breakthrough.

MCKINZIE: At that point was there complete despair about unification of Germany?

REINSTEIN: On the German side, my recollection is that the Allied Control Council had been more or less in a state of stalemate; nothing very much had been happening there. They had made no progress in the ACC, and one major development, in relations to the European Recovery Program, of a negative character. The prospects for a successful negotiation did not appear very bright, and it didn't seem to us, in the contrived atmosphere of study which we were given by being on board a trans-Atlantic liner, that in the state of

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affairs that we were confronted with we were in a position to do much in the way of making new overtures here. We really had to look for--we looked for it in vain in Moscow--some sign of willingness on the part of the Soviets to open up and negotiate.

And as I recall the discussions, this was the kind of basic strategy which we developed for the conference, to rest on our positions, at least initially, and probe the Soviets for willingness to negotiate. We did that, and we talked around for about three weeks, as I remember, without any result. Then the Soviets moved, but not in our direction. They advanced anew a proposal which had been discussed before and which they knew was, again, quite unacceptable to us. As a basic element of settlement, divorced from settlement of any other issues, they were laying an obligation on the Germans to pay 20 billion dollars in reparations.

I must say that I don't think that this had been expected. We had been over this area of discussion before and knew how the Soviets felt (or most of them), but we didn't feel that we could accept it. We were putting money into Germany, they were taking stuff out of Germany, and we made it clear to them that we simply couldn't take anything like that. Our position right

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along had been that while we quite understood that the desire of the Soviet Union to have reparations and agreed with it to the extent that it could be extracted from what was left of the time, we had no intention of getting ourselves involved in what was very much like the situation which was created after World War I. The Western European countries got reparations out of Germany which was financed by American loans to Germany. So, the Americans eventually wound up paying the German reparations. We were not about to go through that again.

Well, when this proposal was put forward by the Soviets, Secretary Marshall, as a matter of fact, didn't turn to a single one of his advisers. He simply said, very quietly as I recall, "In that case, if that is the position of the Soviet Union, I see no point in continuing these discussions."

Molotov hadn't expected this. I think he was quite taken aback and he began to stutter. (He did stutter as a part of a speech defect that he had.) Marshall said, "There really isn't any point in talking about this, because we don't have any basis for understanding. I really see no point in our continuing this conversation, and we might as well close the conference." And this is what happened. That's, I

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think, the basic story of the London Conference.

MCKINZIE: Did you have any dealings, at the deputies level, with British or Soviet delegates?

REINSTEIN: No, my recollection of the London Conference is that again you had deputies meeting on the Austrian treaty, but there were no German deputies. There was nothing for the deputies to consider. If they had them, they were given rather minor tasks of maybe organizing the meetings or something like that. But I don't think there were any significant meetings. I don't even recall going to any deputies meetings. I went to the ministerial meetings and the American delegation meetings.

MCKINZIE: Well then, could I ask you to comment on the aftermath of that?

REINSTEIN: Well, at the end of the conference we were driven to a decision which had been growing on us for a period of time. If you couldn't reach any agreement with the Soviet Union on setting up some kind of administration for Germany as a whole, should you create some kind of administration of the Western zones? There did emerge from the meeting an agreement

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between the British, French, and ourselves that we would go forward with preparatory work to set up a German administration in the Western zones. We had had some complaints from the Benelux countries about their complete exclusion from these discussions on matters which they considered of a vital national importance, and it was agreed to associate them with the discussions. The meeting would be held in London, I think beginning in February, to consider what should be done. And those meetings were held.

London was a great coordinating center for subjects of this kind. The chief negotiator on these matters, for a very considerable period of time, was the American Ambassador himself. Ambassador [John G.] Wynant had been our representative on the European Advisory Commission, and he was succeeded by Louis Douglas. Douglas, for a period of about four years more, played a very significant role in all of these negotiations.

Douglas was the head of the delegation. There were others there, and among them Ed [Edwin W.] Martin, who's now in Paris as chairman of the Development Assistance Committee. For some reason or other I was not involved in those. I cannot remember why, but I didn't go to them.

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Now, there's another aftermath of the meeting. I think that there was a recognition that we'd come to a significant watershed in our relations to the Soviets. I remember that Anne O'Hare McCormick of the New York Times, who was an extraordinarily fine, perceptive writer, came in to see me after the meetings and talked to me about it. In substance she said, "Well, what do you think about this; this is pretty bad, isn't it?"

And I said, "Yes, it is. It's pretty bad. We seem to have reached a point where we can't go forward with the Soviets, and that's going to have rather far-reaching effects."

Now, curiously, at the same time that the decision was made another decision was made, which, to me at the time—and I think, in retrospect, I would continue to feel the same--was completely inconsistent. This was the decision to make one more effort to reach agreement with the Soviets in the ACC, Allied Control Council, on currency reforms.

I don't know how that decision was reached. It was told to me, and I assume that General Clay must have urged this on Secretary Marshall. It was a decision which, as far as I could see, made no sense at all, because the German economy was in a desperate condition. If we were going to set up an

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administration and get the economy back into operation, obviously we had to have control over currency and finance in the area under administration. You couldn't have an independent authority issuing currency which was acceptable in your own territory and following policies which were not part of the economic policies that you were adopting. It was quite clear that if we were to have a currency reform, this required an economic medicine of an extremely unpleasant character. A lot of hard, tough decisions were going to have to be made, and you couldn't have somebody operating on the outside of the system, taking decisions which could negate what you did. So, the idea of having a common currency with the Eastern section was basically, from an economic viewpoint, utter, complete nonsense.

Nevertheless, the decisions were made, and the two negotiations were launched, although, of course, the ACC discussions were continuing the discussions that the Brussels meeting had started off. The two things went on, I guess to some extent, at the same time.

I would like to make one or two points about the atmosphere in London. I wish there were a record of this because it is very impressive, in terms of what the significance of the Marshall plan was. Ambassador Douglas arranged a luncheon meeting between Secretary

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Marshall and the leaders of the trade union movement of the U.K., at which I was present. At the end of the lunch, Marshall sat back in a rather informal way and tried to explain to the TUC leaders what the United States was really up to in terms of the European Recovery Program.

I guess that the TUC people must have had some doubts about it or some problems. At any rate, he gave what to me was a very impressive statement, and I suppose that there is no record of this because it is not a negotiation. If anybody had reported it, I think that I would have been the one to report it, because I was the most junior officer present.

It was just an explanatory meeting. He gave a very clear exposition of our desire to see order restored, economic progress, and advance, things that the trade union leaders could understand in terms of the welfare of workers. And he did it in very human terms. There was a free discussion, and I think they went away very satisfied with the results of that discussion.

Another little incident which took place in the delegation meeting which I remember--and which bears on a question you asked me at some point--is one which shows Marshall's attitude toward the military. I saw

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various other examples, but this one rather amused me.

At one point during the delegation meeting, Marshall asked a question and said, "Why can't we do so and so?"

Somebody said, "Oh, no, we can't do that."

He said, "Why not?"

And he said, "The Pentagon says we cannot."

And Marshall said, "The Pentagon? Don't pay any attention to them. Let me give a little example of a military mind at work," and he told a story. At the end of World War I they sold off a lot of the stocks of supplies that they had manufactured for the forces. This was going on at a great

rate, and then some people began to wonder whether you should keep some stocks on hand in the event there was another war.

So, they sent out some kind of instructions to the various services saying that in the event of another war (I take it they must have given them some assumptions) what would your requirements be? And he said that the first response received to this was the number of shower baths required for officers.

As a chief of staff and a Secretary of Defense, I felt at the time that Marshall was a very great man. He liked to have matters presented. He was in many ways not highly articulate, except when he was

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extremely clear, as he was, for example, when he cut off this meeting with Molotov. A lot of the times when we sat in that meeting there'd be six different people scribbling little notes, things that they thought Marshall should say. He would take them, look at them, and kind of get them organized into a statement. But when he broke off that meeting, he didn't turn to any of his advisers; he knew what the position was. And in the meetings, he would hear out very carefully and patiently the various views, perhaps asking questions quietly from time to time, and when he had heard the whole presentation, he would make decisions. He would make them very clearly, and, I think, very wisely.

MCKINZIE: Would you talk about your recall to the Policy Planning Staff, to study German policy?

REINSTEIN: All right. In effect, what happened was that we went forward with the negotiations in London. There were two sessions. There was the preliminary session and then there was a break of some kind for, I think, consultation with governments. Then there was a second session at which the decisions were reached to go forward with setting up a German administration in the Western zones. The decision was made to set up an administration, not a government. As I said before,

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the concept that had been developed over a considerable period of time was to build up the creation of governmental structures in Germany by states, beginning at the local level and then having a national administration which was under Allied control which did not have a governmental character, being just an administrative apparatus. In these meetings, I think we moved a step closer to the concept of a government. We were very leery about this, because if you set up a government, this meant that you breached the concept of having a government of a united Germany. You at least could prejudice it. We were very careful about that, and the idea was to set up an administration, initially, and not a government.

Now, at the same time that that was going on the negotiations were going on in the ACC about the currency reform. At some time in late February--and I guess this must have coincided with the London meeting in a general way--those negotiations took a new turn. I do not recall exactly what happened. There were a series of proposals and counterproposals of one kind or another, and we and the Soviets came somewhat close to approaching our viewpoints, but then there was a point at which there was a break of some kind in negotiations.

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MCKINZIE: It was self-evident that some kind of currency reform was going to be necessary, if Germany was going to play its part in the proposed Marshall plan.

REINSTEIN: Well, there certainly was going to have to be some kind of a currency reform. At any rate, the negotiations on the currency reform for the whole of Germany were suspended or broke down. And I must say that I was reading the telegrams, but my recollection of what happened is not, after these several years, precise.

At any rate, they were suspended in some fashion, and then began the first steps toward the blockade, applied progressively by the Soviets. It did not take very long before the full blockade was in effect. This again introduced a new and rather dramatic element into the picture. The Soviets, in effect, were using implications of military forces as a means of pressure on us.

Now, I think there is a good deal of literature about what discussions went on about that, whether we should force our way in and the like. I sometimes think people have very clear recollections of things that were not entirely that clear at the time, but at any rate, I have no recollection to contribute. The

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blockade was a fact.

As I said, I went off in June to Europe to attend a meeting among the Italian-Balkan treaties. I went to Paris with some other business, and at that point again occurred a most significant event, which was the break between the Yugoslavs and the Soviets. But before that something else had occurred rather coincidentally with these other things, and this was the events in Czechoslovakia, which, from my observation, sent a terrific current through Western Europe and the United States. This movement against the Czech Government was a great shock, along with whatever it was that happened to [Jan] Masaryk. One of the things which you would have to take into account was that Masaryk was personally known to large numbers of people. Not only was he known, but he was well-liked and respected. Following on the series of events which had already taken place in Romania, Hungary, and Poland, this, I think, made very many people feel that it would be terribly unlikely that one was going to be able to reach any kind of a compromise or negotiation with the Soviets.

I don't remember the exact timing of that in relation to the beginning of the Berlin blockade, but they were not terribly far apart, as I recall. The

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Czech development had a kind of double effect. Well, it was almost more than that. After all, World War II had started over Czechoslovakia and Poland. These had been events that led up to it.

You also had the very intimate personal touch between the Czechs and many people. Of course, as far as the Americans were concerned, they always had a very soft feeling for the Czechs, because the Czech independence was, after all, declared in the United States, in the same place as the independence of the United States, Philadelphia. This is the kind of think that affects people who have a historical sense of perspective. If you come along 30, 40, 50 years later, maybe it doesn't seem to have that, but it certainly had an impact at the time.

But anyway, you had Czechoslovakia, and then you had the Berlin blockade coming along right at the same time. The confrontation was really quite clear. There isn't any doubt in my mind as to who initiated this, because it seems to me that all you have to do is to look at the events and you see where the initiative came from. I don't think this was a provoked initiative, myself, although this is a subject which can be debated. But we had to go forward with doing something in Western Germany; we had to do something

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and go forward, because there was no alternative for making progress. At any rate, we did.

Now, efforts were made to try and patch things up. There were communications with the Soviet Government, and an offer was made to them to hold a Foreign Ministers meeting, if they would lift the blockade. That offer, as I recall, was made sometime around very late in June or thereafter.

Well, as I say, I went to New Hampshire and found myself recalled to Washington on a very urgent basis to serve on the Planning Staff again, the background of it being that General Marshall said, "Well, if we are going to have a meeting with the Soviets, what are we going to do at that meeting?" And he entrusted the task of thinking about that to the Planning Staff. I was asked by Kennan to return and participate in that discussion.

MCKINZIE: All right, very good.

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Ninth Oral History Interview with Jacques Reinstein, August 27, 1973 in Washington, D.C. by Richard D. McKinzie, University of Missouri - Kansas City

REINSTEIN: Let's do a little stage setting. The chronology of events in 1948, to which I have refreshed myself a little bit now, is really quite interesting. On the 22nd of January Mr. Bevin, speaking in the House of Commons, proposed a form of Western union; on the 22nd of February the Communist Party in Czechoslovakia took control of the government through a coup d'état; on the 17th of March the Brussels treaty was signed--that's a remarkable speed. On April the 11th Secretary Marshall and Under Secretary Lovett began exploratory conversation with Senator Vandenberg and Senator Connally on security problems in the North Atlantic area; on the 16th of April the convention for European Cooperation was signed, and the OEEC was set up under Article I of the convention; on the 11th of June, the United States Senate adopted resolution 239, known as the Vandenberg resolution, which in effect gave Senate endorsement to a negotiation of the North Atlantic Treaty. The 24th of June was the start of the Berlin blockade--the interference into the access to Berlin, I believe, started as far back as March; the 24th of June must be simply the time at which it was completely

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sealed off. The 28th of June, as described in this chronology, was Yugoslavia's expulsion from the Cominform. I guess the significant document was a document issued in Moscow, but that was the date that the break was announced. On the 6th of July, Mr. Lovett and the Ambassadors in Washington of the Brussels treaty powers and Canada began discussions of the North Atlantic defense.

Well, that's a kind of background for these discussions which began in the Planning Staff and between the Planning Staff and others in early August of 1948. As I said, the discussions went on over a very considerable period of time. They probably began in the staff itself but were broadened to include representatives of the European Division and outside consultants. As a matter of fact, sometime perhaps in the early part of the following year, during the brief period between Mr. Acheson's resignation as Under Secretary and his appointment as Secretary, he was one of our consultants.

MCKINZIE: Acheson was out during the time of the Marshall plan, was he not?

REINSTEIN: No, he was in the Department at that time of the Marshall plan; certainly at the time of the Harvard

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speech. At some time thereafter he resigned as Under Secretary. He was succeeded by Mr. Lovett, and then he returned to his law practice. Mr. Lovett was Under Secretary on April 11, according to this chronology I have here for '48, and Mr. Acheson came back as Secretary sometime in 1949. Between 1941, when he became Assistant Secretary, and 1953, when he left at the end of the Truman administration, he was continuously in the Department except for this one period in '47-'48. But one of the things that we did was have a meeting, at a rather advanced stage of our work, with a group of distinguished outside consultants which included Mr. Acheson. We sought his advice, too.

Now, when we took up the problem and addressed ourselves to what we should do about another four-power meeting, of course, we were confronted with all of the unresolved issues that had been dredged up and organized in Moscow and London.

MCKINZIE: But wasn't the situation slightly more complicated now as a result of the decision made regarding Germany and its part in the Marshall plan?

REINSTEIN: That's right. The problem that confronted us was what could be done to overcome the split of Europe, if anything? What possibilities were there? Now, I

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remember that Kennan felt very strongly that if we did not make a great effort, the split of Europe would become definitive with very serious long range implications. So, there was a continuous debate on what should be done about Germany from sometime in July until the inception of the meetings in Paris in the spring of 1949.

I haven't read it very carefully, I just glanced at it, but Kennan's basic analysis in his book of the problem which was dealt with by the Planning Staff is correct. He obviously consulted the basic papers in preparing his chapter on Germany. We did draw up a plan which, in effect, tried to move the whole timetable for dealing with Germany forward from the kind of arrangement which had been discussed in the earlier CFM meetings, because a new situation had been created.

As I said, Kennan himself felt strongly that we should make a major effort to see if something could be negotiated with the Soviets. It was clear that it was pretty risky, in the light of the Soviet behavior, to do something with them. The debate really centered on the degree of risk involved in various specific proposals and the ways that you could protect yourself.

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Essentially, as I recall it, our judgment was that if the Germans could be given freedom of choice to select the government of their own, through free elections and with guarantees against the exertion of military pressure designed to produce particular results, and if a way were left open to have to cooperate with other countries, there might be a possibility that one could engage in the risk.

The problem that one was left with always was the security problem, which obviously involved some kind of control of Germany. There was always a risk that any control for security purposes could be converted into a control for political purposes by the Soviets. At any rate, the staff did not forward proposals, and my recollection is that the debate was rejoined, with the participation of the staff, in the following year. It may have been a much more compressed period of consideration than that. A lot went on in the interim. The London Conference had initiated a process for creating a political authority in Western Germany, and that process went on.

You asked me in a previous session about the relations between Washington and the authorities in Germany. Although I was on the economic rather than the political side, I think that's probably one of the

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times which the tensions were very high. The military authorities in Germany, I had the impression at the time, were giving guidance or making suggestions to the leadership of the body which was formulating the basic law. (Kennan refers to this as a constituent assembly, but that's not a German phrase and it doesn't correctly describe what the German term was.)

I might just make an observation in this point on German attitudes. The Germans, I think, approached this whole subject of creating a government with a considerable timidity. They were extremely careful to try and portray what was going to be done as being purely provisional, pending the unification of Germany. I wouldn't say that they did not recognize that something had to be done, but in terms of their own opinion, they could not put themselves in the position of blocking eventual unification of Germany. The feeling among the Germans regarding unification at that time was very strong. I think that later it weakened rather considerably, but in the formative stages of the West German Government it was certainly a great preoccupation.

The Germans were confronted with various problems in their relations to the Allies. There were consultations between the military governors and the

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leadership of this assembly which was drafting the basic law, and they were given suggestions of various kinds.

I had the impression that the American Military Government tended to act on its own, without perhaps adequate consultation with Washington. You asked me a question as to whether that had any relationship to Secretary Marshall's military background. I don't think it did at all. In fact, he probably had more to do with basic differences in concept between the War Department, which I guess by that time had become the Department of the Army, and the State Department.

There was a constant battle between the State Department and the Army Department over communications with Germany which stemmed from different conceptions as to how you dealt with people in the field. The military concept is that you tell a commander that he has certain objectives, you give him certain resources for this purpose, and then it's up to him to go ahead and do his job. If the resources are inadequate, he comes back and tells you, and you decide whether you can afford to give him more resources. You don't peer over his shoulder every day.

Of course, that may be a useful way of conducting a war, but the State Department conducts diplomatic

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note and negotiations quite differently. While that type of instruction was common in the days of sailing ships and before the trans-Atlantic cable, to say nothing of radio, with modern communications, the Department was in the habit of exercising much more detailed control over the negotiations. Of course, international life has become much more complicated than it was, because you get into problems something like what we're dealing with now.' I think there was an inadequacy in the relationship between Military Government and Washington on some of these matters.

MCKINZIE: Is it possible to pinpoint any set of philosophical differences between the Army and the State Department?

REINSTEIN: It wasn't the Army and the State Department. I had one specific case that arose after the lifting of the blockade, where they actually prevented us from communicating to Berlin a decision which had been made by Secretary Acheson. We found a way of getting it there anyhow, but they actually blocked the communication on the ground that they didn't want to overrule the field. I think probably that it wasn't even necessarily the military who were involved. Remember that there were large numbers of civilians in

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OMGUS, and these civilians had very definite views about how things should be done in Germany. There was a political division, for example, in OMGUS, and the political division in OMGUS preferred to carry on its activities without being told by Washington to do something different; I think it was probably as simple as that. There were probably differences in outlook. But as I say, I was not on the political side, I was on the economic side.

MCKINZIE: Well, the outside group that I included Mr. Acheson in did not include military people, as I recall, but I couldn't be sure without resurrecting a list. There certainly were consultations with the military about the security aspects. I can't remember exactly how those were handled, whether we had someone, a liaison officer, detailed for this purpose or not. But I think we certainly dealt with the planning people in the Pentagon.

It seems to me I saw a reference in Kennan's book to General [Fredrick W.] Gerhard, who I guess was the Air Force general who was one of the advisers to the delegation of the CFM and the Paris Peace Conference in 1946. He had background in our negotiations with the Soviets. Of course, we had three military advisers in

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Paris. There was a major general who was in charge; there was Gerhard, who was a brigadier at the time; and then there was Dick [Richard Giles] Stilwell, who is now, I think, commander of our forces in Korea, at that time a lieutenant colonel. I think that Gerhard at that point was concerned with planning in the Pentagon. We did have consultations with the Pentagon on the security problems, with people who had had exposure of the type of problem we were concerned with.

MCKINZIE: Well, didn't a lot of the plan that you were willing to put forward depend upon faith in what the Soviets were willing to do if the plan was accepted?

REINSTEIN: I think that the whole approach, by that time, to the Soviets had changed. In the earlier days we had begun our negotiations with the Soviets on what was to be done after the war--in Dumbarton Oaks, at Yalta, and so on--with the expectation that the Soviet Union would, in general, live up to its undertakings. And we had one experience after another which indicated that the Soviet Union could not be relied on to live up to its undertakings.

I remember hearing once this phrase attributed to Stalin that the Soviet Union always lives up to its international obligations unless there's some major

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reasons for their not doing so. Well, probably the same could be said for many other governments. The only difficulty was the definition of what the reasons were. The Soviet Union seemed to take this exception as a rather open-ended escape clause from anything it promised. So, particularly, there is a series of just one instance after another in which the Soviet Union violated its agreements and appeared to be bent on advancing its power into the center of Europe, and, conceivably, beyond. And therefore, particularly after the culmination of the Czech coup and the Berlin blockade, the whole approach to negotiation was to negotiate in a way in which you would have verifiable, step by step performance and an escape hatch for yourself if they didn't live up to their undertakings.

I think this is what made this whole consideration of what the kind of stance we were going to take in the new negotiation very complicated, because you had to build in any element of protection in the event that things didn't go right.

MCKINZIE: Under those circumstances, was there any basis for hope at all? If it hadn't worked very well before, didn't that portend rather less happy results at that point?

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REINSTEIN: I answer your question by saying that while it's very complicated, this does not mean that it is beyond the wit of man to devise things of this kind. As a matter of fact, in much of the negotiations that we've had since, strategic arms limitations and so on, you're always looking for these things, trying to come through a situation so that you can arrive at a factual state which is not unacceptable; one in which there is some sense of assurance as to what is going on and a feeling that you're not going to be suddenly confronted with a situation in which you are really quite senseless and overtaken.

MCKINZIE: There is a new book out now called *The Victims of Group Think*, the thesis of which is that one man sets the tone and that everyone else, in an effort not to create disagreeable circumstances--particularly if they happen to be subordinate in rank--do not voice independent decisions. Now, you talk about the first meetings of the PPS as being intellectual free-for-alls in

some ways. Did that situation still prevail in '48 when you were making this determination on Germany?

REINSTEIN: Oh yes, I think so. Maybe they have group think in the Politburo, but from the little that we can

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gather from what goes on there, I don't have the impression that that's not so even there. At times perhaps it is so, but collective leadership gets established again. I think that to lay down a general thesis of that character is rather dubious. Obviously, anytime you have anyone with a strong personality, he exercises a great deal of influence on the discussion of the group. Intellectually, for instance, George Kennan was strong and very articulate, but he was very sensitive to the issues involved. This was a very genuine, thoughtful discussion.

I can't reconstruct it in detail, but I do remember that we really looked at the problem all the way around. We boxed the compass and we recognized that there were extraordinary dilemmas and great risks. The problem which we dealt with was that if we had a meeting with the Soviet Union, the positions that we took earlier were no longer applicable. In the first place, they envisaged a kind of cooperation with the Soviet Union which we could no longer accept as a working premise. We had to operate on the basis which gave us a greater assurance of non-interference by Soviet forces in the process of the selection of a German government and also on moving towards a codification and an elimination of Allied controls.

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Now, our thinking was probably influenced, maybe not in the Planning Staff, but certainly at a later stage, by experiences we had gone through in Western Germany, where we were really, in a sense, carrying out on a more restrictive scale the kind of process that we were trying to think through for Germany as a whole. This was a process by which a German political authority would be established through an elective process; there would be Allied controls over various things; and there would have to be understanding between the Germans and the Allies as to what their relationships would be, particularly on the limitations of their relationships. I think the thing to remember is that these two processes were going on simultaneously.

So, a particular paper was prepared at a particular time, but it has not been made public as such, I guess. It is described by Kennan, and I assume Kennan looked at it and describes it accurately. Based on my recollection of the document, which I have not read since 1949, Kennan's description seems to be correct.

Going beyond that particular paper, the debate over what should be done continued in one form or another in the State Department. My recollection is

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that the Planning Staff was a participant in the debate, and there certainly were quite clear differences between the Planning Staff approach and the approach of the Central European Division and the Division of Western European Affairs.

MCKINZIE: Could you discuss your view as to why those differences were there and the nature of those differences?

REINSTEIN: Well, I think they are quite well described in Kennans's book. They centered around the degree of risk involved, especially the risk involved in the failure of the efforts that were being made in West Germany. People were concerned with carrying forward this rather delicate process in which the Germans themselves were a little bit, in a way, a reluctant dragon. It was very complicated; these things had to be negotiated with the British and the French and then the relationships established with the Germans. There was an understandable concern on the part of the people involved not to prejudice this operation. There were three processes going on at the same time--a process moving forward with an implementation of the London Agreement and the establishment of a West German political authority under Allied control, the very

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complex set of negotiations which involved the tripartite negotiation on the occupations statutes, which came to a head in the spring of 1949 and was, I think, finally agreed on at a tripartite meeting that took place in Washington; and the process of trying to think out what you would do if and when you had another meeting with the Soviets, which we had undertaken to do if they would lift the blockade. There was a feeling out with the Soviets of the possibility of getting a lifting of the blockade.

That last process took place only at a rather late stage. I guess it became obvious to the Soviets that the blockade was just not effectively achieving their objective. We had raised the issue in the Security Council, and the Security Council had taken an interest in this and tried to do something about it. As a matter of fact, they set up a special commission to go and have a look at the Berlin situation and see if they could come up with solutions to the Berlin problem. Particularly, the thing that became very knotty was the fact that in '48 we had adopted the currency reform. We actually did carry through the currency reform in 1948 and launched the economic recovery of Germany.

The U.N. appointed a group to try to work out the financial status for Berlin in this two currency

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situation. The commission actually went to Berlin around about Christmas time, in December of '48, studied the situation, and eventually made some kind of report. Nothing much came of that consideration in the U.N., and I think the discussion was finally terminated. The matter was just left on the agenda of the Security Council.

The agenda of the Security Council must be enormously long, because it seems to me that any international problem which has ever been seized is never finally settled and remains on its agenda, although this doesn't mean that it necessarily comes up for consideration very often.

This is probably going to be altered with respect to Germany when the two existing German states are admitted to the U.N.; the German problem will be esponded [removed] from the agenda of the Security Council. I don't know how they are going to do it, but there are some interesting U.N. constitutional problems that seem to me to be involved in the admission of Germany. It should require an amendment to the Charter.

MCKINZIE: An amendment, yes.

At the time that the currency reform was being considered, it was obviously connected to Germany's

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participation in the Marshall plan; it was an almost requirement, as I understand it.

REINSTEIN: Well, the currency reform began to be considered, because of the situation in Germany, before the Marshall plan, obviously. I don't know the date. The idea of the currency reform, I think, was originated by the American element in Berlin and took its form in the Colm-Dodge-Goldsmith plan, which was drawn up initially for Germany as a whole and which was implemented in part in the Western zones in 1948. I say in part, because the original plan called for what was almost a capital levy to make sure that there were no extraordinary benefits as a result of the currency reform. When the military governors ultimately adopted the currency reform they felt that this involved the application of a set of social judgments with respect to people in Germany, which they hesitated to impose on the Germans. They felt that it would be better to have the people elected by the Germans make these judgments. And so, the decision for the equalization tax was turned over to the Germans, who at that stage had little appetite in taking it on themselves. That part of the project was ultimately abandoned, as far as I can make out, with no great loss. You never heard much

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discussion thereafter that the currency reform did work out badly. It worked out very well, and it worked out well for two reasons. One was that the currency reform was necessary for internal German reasons. They had a complete loss in confidence in the currency, and the people weren't really using it; they were operating and in a sense bartering things on the black market.

Money didn't perform its essential function of being a medium of exchange, and therefore, it was absolutely essential, to have anything happen in the German economy, to get a sound currency back into operation.

Now, it also was necessary for European recovery for Germany, which had played such an important role in the European economy, to get moving again. There is clearly that relationship, but the first and essential requirement was an internal German requirement.

In fact, the current reform had the effect of releasing the resources within Germany, because people had been hoarding a lot of stuff. Particularly as this discussion of currency reform moved forward, the incentive to hoard became greater. Once the currency reform was adopted, all sorts of things which were being withheld from the market began to come on the market. In addition to that, it was followed by the

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infusion of a very large amount of American aid; this American aid was channeled in ways that launched the German recovery, which eventually became quite spectacular.

Now, there's a historic parallel and precedent for this, because Germany went through this inflationary process after World War I, when the mark went to the billions and trillions. Eventually, they had a currency reform, in 1924, which was tied up in that case also with external negotiation and had to do with the Dawes plan.

The fact of the matter is that when you go back and you look at the historic parallel, you find that in a period of about three years, between 1924 and 1927, there was an absolutely remarkable recovery of the German economy which took place in the context of a rather buoyant world economic situation. So, there's certainly a really good precedent for this experience, and it's a precedent that I'll come back to in another connection when we talk about some of the later developments.

MCKINZIE: So, the West then initiated the currency reform for internal reasons and for European reconstruction reasons. In doing that, was there any consciousness or

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any debate at that time that so doing would contribute to the rigidity of the existing division of Europe? There have been some suggestions by historians that the currency reform was a major event in the division of Europe for which the United States must take some responsibility. And without casting any kind of moral judgment on that, you mentioned that in this discussion in the summer of 1948 George Kennan was concerned that if there were not extraordinary measures taken, the division would be permanent. Was there any discussion that you recall as to whether or not it was a good or a bad idea that the discussion should be permanent, that it was something that could be lived with?

REINSTEIN: Oh, I don't think that there was any feeling that the division of Europe was a desirable thing. The question really was how to get on with the job of reconstructing a part of Europe that you could deal with and to continue to explore the possibility of a broader agreement. I think what we eventually came to was the decision that the problem in Western

Europe was so urgent that we couldn't allow Western Europe just to fester while we carried on negotiations with the Soviets which had little promise of success.

On currency, having two currencies was not an

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obstacle to unification, because if you had unification, then they would have to substitute another currency. Remember that these negotiations went on again. We had meetings with the Soviets in 1949, and we had another meeting in 1954. It was assumed in the work and preparation for those negotiations that there would be a unified currency and that the existing currencies would have to be exchanged. I think a certain amount of work was done by the three Western Allies, and at a later stage, by the Germans themselves, in trying to figure out what an appropriate rate of exchange would be. In view of the rather spectacular recovery of Western Germany, for a considerable period of time there was an extraordinary disparity between the situations in Western Germany and Eastern Germany. The Soviets were continuing to milk the eastern zones.

At some time, I think it was in the latter part of the fifties, the Soviets changed their policy and made a new series of economic agreements with the CDR, which really moderated this process of milking and allowed the economy of Eastern Germany to get going. In the time since then Eastern Germany has undergone a quite remarkable economic development, to a point in which it is now one of the major economic powers in the world.

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I mean, it's certainly amongst the most advanced industrial country and has the most advanced economy of Eastern European countries; it has outstripped all the rest. And this is true despite the enormous loss of technical and skilled personnel which were involved in the moving of the people out of the Eastern zone into the West--a migration of extraordinary size, one of the largest that has taken place in the history of the world in recent times.

But the fact that there were two currencies didn't mean that this was a block to unification, because you obviously would have substituted other currency. There would have been rather difficult problems in determining the exchange rate. I participated in a lot of this discussion and I remember at one point saying that, obviously, given the different rates of development of the two parts of Germany, the exchange of currency rates should not be the same theoretically, but that politically it would probably be very difficult to have anything except a one for one exchange. Then I gave an analysis of what the effects of this would be. This meant that the purchasing power of the East Germans would have been enormously increased, and there would have been a very considerable flow of resources from West Germany to

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East Germany. But, I think on reflection, we thought that that was probably a good idea. This would have the effect of really buttressing the unification. It would almost have the effect of a capital levy on West Germany to the benefit of these people in East Germany.

As I say, at one time or another all of these problems have been gone into. If one could go through the files, you would just find more documents than you could possibly ever print or even study, looking at various contingencies and possibilities. Every time you got into one of these negotiations you always had to operate on the assumption that the negotiation might be successful. It's very risky to go into a discussion on the assumption that it was going to be a failure, because it could be successful. Therefore, you would have a vast amount of contingency planning.

MCKINZIE: Can we move past the preparing of the paper and into '49?

REINSTEIN: Yes. We had the preparation of the paper. All during '48 we had the blockage, basically, and the continued flow of study and work to set things up in the Western zones. One of the things that took place at that time was the negotiation to establish an international authority of the Ruhr.

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The French had attached as a condition to their acceptance of the London Agreement, the establishment of an international control over the coal and steel resources of the Ruhr. Late in '48 we had a conference in London which drew up the statute for the Ruhr Authority, which was brought into existence during the following year. I think that date is correct. I'm a little confused between the Ruhr Authority and the Allied controls through the coal and steel boards, which we and the British had set up as a result of the coal talks in '47. Those boards were still in existence in '49, and I guess that these two things were not really inconsistent. But the Ruhr Authority negotiations are important because they were a step in the direction of the integration of Europe, though they didn't necessarily appear to be that at all.

The French had initially, of course, wanted to detach the Ruhr from Germany and to dismember Germany. This is not a new idea; they tried the same thing after World War I, rather unsuccessfully. Remember their occupation of the Ruhr and their efforts to set up an independent government in that part of Germany, which collapsed.

The French had extracted from us a promise that there would be an international control over these

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resources. There did exist already at that time, an agreement to recognize any international interest of the coal resources of the Ruhr, which was this Moscow sliding scale agreement that I mentioned at an earlier date. So, we did have a conference in London in late November and December, I think, for which we did very extensive preparatory work in Washington.

At a rather late stage in the negotiations, the French asked to have included in the agreement provisions regarding the control of investments in the coal and steel industries. It really went beyond the kind of concept that had been evolved in the Moscow sliding scale agreement, which was really concerned with access to the resources on an equitable basis.

The idea of control of investments was an extremely vague one, which didn't explain what they meant. It was ultimately accepted by us and the British, I think, with considerable reluctance and in principle, the implementation to be determined later. These provisions are contained in Article XVIII and XIX of the statute of the International Ruhr Authority. The question of implementation of these articles reappears in the story of what happened in Germany in the spring of 1950, and we'll pick it up whenever we get to that stage.

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You had also going on during this time the beginnings of the implementation of the Marshall plan.

MCKINZIE: I would like to ask you about the Organization for European Economic Cooperation and the ECA, the U.S. agency which was to dispense it. Did you have any dealings with them in the sense that they had to make, whether they liked it or not, some political decisions, and had their own ideas of what they perceived Germany, France, and individual countries to need? I'm specifically wondering now about how Germany fitted in.

REINSTEIN: Of course, there not being any German government, Germany could only be fitted in through the military government. The European Recovery Act required that there be a bilateral agreement between the United States and each of the participants in the European Recovery Program, so that what happened was that the United States Government made an agreement with each of the three military governors with respect to the implementation of the program in their respective zones. So, you had the interesting spectacle of an agreement being signed between the United States of America and the U.S. Military Government in Germany, OMGUS, signed by General Clay on behalf of OMGUS and his political adviser, Robert

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Murphy, on behalf of the United States Government. And the representatives of the three Western zones were represented in the OEEC. Whether their representation was on the same footing as that of the other participants, I can't remember, but they were represented there. Their representation must have been somewhat different. For example, if you had a ministerial meeting, I don't think the military governors would have been the only people who really had the status that allowed them to participate; I don't believe they participated in person. I don't really remember; I didn't really follow it in that much detail.

Now, the participation of the military governors left a certain amount to be desired. They were Military Government officials—and when I say military, I want to emphasize again the fact that this is occupation under military authority, but it was conducted to a large extent by civilians.

But they were affected by a somewhat autarchic mentality, and there were many battles between the authorities in Germany and the Europeans, with recourse to Washington by the Europeans to complain about the conduct of the Military Government. I remember somebody saying one time that the least cooperative government in the

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European Recovery Program was the American Military Government in Germany. Whether it is a fair statement or not, I don't know.

A very good example of the type of program involved in getting the European economy out of this dog-eat-dog, barter, beggar your neighbor situation into which it had fallen--this is one of the reasons for our insisting on a cooperative regional approach--is illustrated by the Low Country ports problem.

For very good, sound, economic reasons, the commerce tends to flow up rivers; carrying goods by boat is the least expensive way of carrying them. The war had disrupted the historic flow of traffic. For instance, the hinterland of Hamburg lies, for the most part, in what became the Soviet zone of Germany, and traffic from Hamburg also flowed up to Czechoslovakia. As a matter of fact, it's very interesting that when the discussions began in 1947 of a possible German peace treaty, the great Czech interest was in what was going to happen to guarantee their access to the sea across Germany. It was a very vital matter to them, their expectation at that time, of course, being that they would be able to resume their historic trade which had flowed westward and were not going to be forced into a situation into which they would have to work to

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direct their trade eastward, which turned out to be the case.

Well, likewise, Western Germany tended to use the Low Country ports, Antwerp and Rotterdam. Now, what happened was that the Military Government diverted traffic to Hamburg and Bremen, Hamburg being under the control of the British and Bremen being under the control of the Americans. The Dutch and the Belgians complained extremely bitterly about this, there was a continuing battle. I don't know how many sides there were to this battle, but there certainly was a great deal of sympathy in the State Department for the position of the Low Countries.

This is what made sense economically, and if you're going to move forward towards freeing up trade, this was what you had to do. But as the Military Government people would say, "We've got to use foreign exchange if we use the low country ports." Well, the whole idea was to move forward and begin to liberalize the trade restrictions and to set up this European Payments Union and establish some kind of convertibility between the European currencies.

I think one had to bear in mind at this time that while there was a currency in Germany, no exchange rate had been fixed. There was what was technically an

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exchange rate. When we first went into Germany we set up what we called an accounting rate for the mark, which we used for conversion of troop pay. When it began to be used for other purposes, it became more and more unrealistic.

At the time of the currency reform they had to establish some basis for relating the value of the new mark, the deutschemark, to the currency of the other countries. We had to establish some relationship, and for external trading purposes--they used rates for different purposes--the rate was set at thirty cents, U.S. However, this was not adopted as an official exchange rate. I think there were, for various accounting purposes, other conversion rates. They had accounting rates and conversion rates; the thing was extremely complicated. But there was no formal exchange rate, and no rate was established until after the German Government was established. This happened to be followed by one of the periodic financial crises in Europe, which resulted in some currency adjustments.

MCKINZIE: You mentioned that despite the fact that this paper was finished in November or December of 1948, the debate continued on through into 1949. What were the circumstances of that, do you recall?

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REINSTEIN: Well, at that point I was still in the office of the Assistant Secretary as Special Assistant. I was doing special jobs, things, as I explained earlier, that somehow or other didn't fit into the bureaucracy and required special handling. This is why I took over the direction of the negotiations on the Ruhr Authority, which involved a number of different offices and places. What I did was assemble a committee of all the interested people, sat as chairman, and push them around until they were able to get agreement on a set of instructions for the delegation in London.

It was most difficult. It was interesting, but I had assembled some of the brightest people in the State Department, and anybody who believes in group think should have the experience of sitting in on a set of meetings like that. I practically lost my voice trying to keep that group of people down to an orderly program of work and to extract some consensus for agreement out of them. My cigarette smoking about tripled during that period.

Well, I found at that particular time--I think probably because of the high political content of all these German questions and the fact that I did have this relationship with the Planning Staff--that I kept

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getting increasingly into the German problems. I dealt with a whole series of them of one kind or another.

I followed the development of the occupation statute. A lot of these things, the military governors were doing much of this stuff. They were really working on matters which, I think, viewed in perspective, should have been done at governmental level. As a matter of fact, when the State Department finally took over Military Government, we then asserted a rather firm control over these matters. But it was very difficult for us to assert control over them; we didn't control the channel of communications. We could communicate with Murphy, but Mr. Murphy was only an adviser to General Clay with a very small staff. The command channel ran through the Army, and the Army was, as I said, very reluctant to overrule the man in the field. So, it was very difficult during that particular period for the State Department to control and direct matters of considerable political importance and importance in our relations with other countries. The military governors tended to act in a quite autonomous way.

Now, one of the things that was a very important subject of the occupation statute eventually came up in the springtime and finally came to a head. The Germans

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had insisted that if they were going to go ahead and set up a government, they had some understanding as to exactly what the scope of their authority was and what the Allies were going to do. They wanted to have a document in which the Allies defined the areas in which they were going to exercise responsibility or control, the concept which eventually emerged as the occupation statute.

The military governors carried on the negotiation among themselves. I don't remember what degree of communication there was with Washington. At any rate, the negotiation was going on in Germany.

Now, whatever the relation was between U.S. military government and Washington, I think that the British and the French were giving instructions to their commanders. At any rate, there was no agreement, and that issue came to a head in the springtime, somewhere around the same time that the negotiations for the lifting of the blockade came to a head.

The negotiations for the lifting of the blockade were carried on very secretly in New York between Ambassador Jessup and Ambassador [Yakov A.] Malik. One of the things I was doing was trying to ride herd on the effect of lifting the blockade from the economic viewpoint. I was also trying to follow, to the extent

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I could, the occupation statute negotiations. In the lifting of the blockade, we had one particular point which gave us some difficulty. It was very difficult to find an appropriate form of agreement for lifting the blockade for a number of reasons, some of them political and some of them practical. The political difficulty was that you couldn't have a form of words that indicated that either side was at fault for the situation which had been created. The practical problem was that there really were no basic ground rules for interzonal trade or for access to Berlin. In

retrospect, people have said over a long period of time, "Why did we get into this difficulty with the Soviets? Why didn't we have some clear cut rules?"

Well, of course, there was a negotiation, which I guess took place at Potsdam, about the redeployment of the forces into the zones which had been agreed on in the Eastern Advisory Commission and the entry of Western forces into Berlin. The Russians had wound up with Berlin, and we wound up with part of the Soviet areas, and in effect, an agreement was made that we would respect the ECA agreement--and it was a very loose agreement--about the line of communications to Berlin.

Now, what happened was that after the forces

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settled down in their respective zones and sectors, a series of practical arrangements of one kind or another were worked out. There were various trade arrangements. In effect, they kind of bartered commodities across the zone boundaries, and you had a series of transactional agreements, practically, on the trade side and various practical arrangements on the communications and transport side. But the most clear cut, fortunately, was the air corridor agreement. If there hadn't been a reasonably clear air corridor agreement, we really would have had a lot to be done, because the Western forces all had somewhat different arrangements about sending trains and trucks and things into Berlin. In fact, this gave rise to problems over a long period of years, because every time there was harassment, every time the Soviets wanted to twist our tails or put a little pressure on us, they would start fooling around with some of these things. This went on up until the second half of the fifties. I know that we had harassment on the trains when I was director of German Affairs in '56 or '57, and there was also harassment on the Autobahn. One of the things that would come up all the time was that our practices, the British practices, and the French practices were all very different. This made it very difficult to find a

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formula, and eventually the formula which they worked out was to really put the situation more or less back as it was before.

This created one problem for the Western side, which was that one of the measures which we had taken in the interim was to establish control over the export of strategic articles to the Eastern European countries. We had adopted U.S. controls, and we had set up an organization which was initially secret, the existence of which finally emerged and became well-known. It was Cocom, the coordinating committee to relate and to get them to agree on what articles were considered strategic.

These were a part of a sort of whole series of things that were going on at the time. I might note that the elaboration of the North Atlantic Treaty was one; it was signed on the 4th of April.

One of the things that we had to do was to make sure that the language of the agreement to lift the blockade did not establish a wide open gate by which everything that we had agreed would funnel through Berlin. And with these very secret negotiations, it was always a job to get your hand on the draft and make sure that the language properly safeguarded this point.

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MCKINZIE: Did you go to New York to do that, or was that done in the Department?

REINSTEIN: That was done in the Department. I don't know whether Jessup came down here from time to time. I think the texts were usually sent back and forth by telegram. I can't remember what the period of negotiation was. The agreement was signed and announced, and then it took a certain amount of time to implement it. There were detailed negotiations in Berlin, in which we were in very close touch with the authorities in Berlin. This is a period in which, on some of these matters, it was almost a continued open telecon. I can't remember what the specific occasion was, but there was a famous telecom that I think maybe was a three-cornered one between Washington, London, and Berlin. At any rate, it went on so long that one of the Washington participants went to London, and he got to London while the telecom was still going on. It was not unusual to have to jump from place to place and to act on your own telegram. At any rate, we carried some of these discussions on for hours and hours.

MCKINZIE: Was there any talk at the time about making West Berlin, once the blockade was lifted, into something that it hadn't been before the blockade, really into a

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kind of economic showplace? It, of course, did become that after the blockade was lifted, and evidently the Soviets took a rather dim view of the amount of economic aid that West Berlin received. Was that by design at this point?

REINSTEIN: Oh, I don't think so. As a matter of fact, the main problem was to jack it up to a decent level. After all, we had been flying potatoes and things like that, just barely enough stuff. It was terribly difficult, with the tonnage involved, to feed the population and to provide them with a certain amount of work. I don't remember exactly what they did; you couldn't carry on normal trade, and so the task was somehow or other to establish a more normal economic situation.

I don't remember anybody mentioned the idea of making it an economic showplace. It was darn difficult to make Berlin an economic showplace. While it's done quite well, it suffered extreme disadvantage because of that fact that it is so remote from Western Germany. This means that materials sent there have to be shipped either by rail, or, I think more often, by truck. Anytime there was interference with the transportation, this tended to increase the cost. It was not a

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reliable source for the Western German manufacturers, and as a matter of fact, it took very considerable effort and a large amount of subsidy by the West German Government to keep Berlin competitive.

Also, there was for a considerable time an outflow of people who were career-oriented. They saw a greater career opportunity in West Germany than in Berlin. Berlin had lost its position as the financial center. Berlin was once like New York, a place where there was the financial center and a place where large corporations had their headquarters. So, you had this very considerable amount of service activity and talent of a managerial and technical character.

As corporations and banks established themselves elsewhere, Berlin was left as a kind of an economic outpost. I haven't looked at the position of the Berlin economy, but the cost of maintaining Western Berlin, for the Germans, has been absolutely extraordinary.

MCKINZIE: The reason I raised the question is that in a later period a great deal of money from some place was poured into West Berlin and even provided employment for a lot of people who lived in the Eastern sector of the city. It had, so I understand, declined somewhat

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in recent years, as a result of it being less politically important than it was during the Kennedy years, for example, and the Eisenhower period. So, I am wondering to what extent the amount of aid was politically determined for Berlin from the very beginning.

REINSTEIN: I can't say from the very beginning; I can speak more at a later stage when I was director of German Affairs, when this was a point in which there was considerable debate. But at that stage the amount of aid that we put in was not very large. We did have a special Berlin aid allotment and we used to fight with whatever the successor ECA was over the amount of that all the time. They were never enthusiastic about these special allotments; I think we sometimes had to get them out of the President's emergency fund; they weren't terribly large. A big amount came out of counterparts as long as we were giving aid to the Germans or had any say over the use of counterpart funds. Certainly, there was the political aspect to what we did there, partly, but an important element in this was to keep the city going, to keep up the morale of the people. Imagine what it's like to have to be forced to live in a very small area. Otherwise, I

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think the situation for Berliners would have been such that it would drive them stark raving mad.

The Western sectors include this immense devastated area down toward the Vandenberg gate. I don't know that anything has ever been done about that, the Tiergarten area. The area which was historically the center of Berlin was so devastated that when the Western sectors began to arrive, the center shifted elsewhere, closer to what parts of the city weren't so badly devastated. From the morale viewpoint, these people were very literally locked up. More recently the Berliners are better off, are able to move out and go and have vacations elsewhere, but at the time we're

talking about these people were just locked up in the city. The problem confronting us was to try to provide for a reasonably satisfactory life for those people for continuing their economic activity and for a show of outside interest. It's darn hard to live under a state of continued siege year in and year out. In fact, what was close to the siege of Berlin lasted longer than the siege of Troy.

MCKINZIE: I would like to go from here to March of '49 and the creation of the German-Austrian Affairs Office.

REINSTEIN: First, I want to correct what I said earlier

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about my impression of the continuity of the Planning Staff participation in the handling of the German problem and my being both in the economic office and in the Planning Staff far into 1949. I think probably the Planning Staff phase of this did in fact end in '48, as described in Kennan's book.

Several decisions were made in anticipation of the establishment of a government in Western Germany. These related to the assumption of control by the civilian part of the government, by the State Department. It had been agreed by the Army Department and the State Department that when the German Federal Republic Government came into existence, the State Department would take over the occupation from the Army. At the same time the State Department would also take over responsibility of the occupation for Austria. In anticipation of this state, an Office of German and Austrian Affairs was created in the Department of State to assume these responsibilities and to plan for them. That office was headed by Ambassador Robert Murphy, and it was created by first bringing into the office all of the people in the different parts of the Department who were working on Germany and Austria. This was the forerunner of a more sweeping reorganization of the Department which took place in the fall, in which the

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present bureau system was created. This reorganization was based on the general organizational concept that you concentrate in one bureau your relationships with specific countries or with specific international organizations, so that you have a coordinated approach.

Prior to that time the State Department had made a division of responsibilities between the political and economic, a character which I think exists still in most other major foreign offices in the world. At least I am sure that it is true of the British Foreign Office, the French Foreign Office, the German Foreign Office, and, I believe, the Japanese Foreign office.

MCKINZIE: Do you recall any of the impetus for that kind of reorganization?

REINSTEIN: I don't know what. I suppose there was a study of some kind; there must have been. This type of reorganization goes on in most government agencies, that I know anything about, from time to time in the United States. It's a sort of switch back and forth between regular and specialized functions, and the weight shifts from time to time from one to the other. The character of the work changes, you are presented with new problems, and you look at your organizational problems afresh.

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There was some kind of study, but I don't remember exactly who was responsible.

MCKINZIE: Did it seem to you that this was a happy occurrence?

REINSTEIN: I think that the basic theory is very sound when applied to policy. I think it is quite unsound when applied, as it was in the State Department, to administration. They decentralized the administration of the State Department and created a situation in which the budget of the State Department, and many other things of administrative character, were decentralized to the regional bureaus. The regional bureaus were allowed to control far too much--for example, personnel. People became serfs of the various regional bureaus, and there was a trading system which doesn't seem, to me, to promote the most effective use of personnel. Also, it has tended to fragment the budget of the State Department and to cut down on the ease with which you can transfer resources to meet special needs.

Suppose you suddenly find you have a terrible problem in Africa and you really need to transfer personnel from other places to Africa; getting them away from the people who have control is far more

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difficult than if you had centralized control. It promotes a kind of rigidity in administration, which I think is undesirable. But the system exists.

And from a policy viewpoint, this seems to be sensible. It was, from my observation, extremely effective in the handling of our relations with Germany, which I can speak to with knowledge.

Now, in addition to bringing together the political people from the European Division and the economic people from, say, an office in German and Austrian Economic Affairs, which had been under the Economic Bureau, in order to promote the smooth transition from military to civilian control, a number of people were brought over from the Army.

They came probably in two groups, one initially and then a second group at the time that we actually assumed the functions from the Army. These were mostly people from the Civil Affairs Division, but, very importantly, they included Colonel [Henry A.] Byroade who had been, as I recall, a deputy to Mr. Tracy Voorhees. Voorhees was Assistant Secretary of the Army under former General Draper, who was Under Secretary of the Army. He was responsible for these

occupied area matters. Byroade was made Murphy's deputy, as I say, to facilitate the transaction. The idea was that

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military personnel would serve some period of time. They weren't all military; there were some civilian employees of the Civil Affairs Division who came as well. The idea was that the civilians, I think, were supposed to stay on as part of the regular staff. The military people would be there temporarily and would eventually return to the Army.

Similarly, in Germany, in preparation for the assumption of civilian control, sometime around June Mr. McCloy--of course, he had been Assistant Secretary of War and responsible for all this type of problem during the war--was named Military Governor. This was in anticipation of his becoming High Commissioner when the Military Government was replaced by the Allied High Commission. Therefore, he replaced General Clay and had a period of time in which he was head of Military Government and could prepare for the transition for administration in Germany. This involved the merging into a single office of various separate U.S. Government organizations. The largest of these was the Office of Military Government, but they also included a separate State Department staff which had been attached to Murphy as political adviser.

There was a great deal of discussion of this organization which took place before Mr. McCloy went to

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Europe. He insisted that he be in complete control of all U.S. operations in Germany, so that one of the points of contention which had to be solved, and was solved to his satisfaction, was that he would be in charge of the Marshall plan aid. There would not be a separate Marshall Plan mission not subject to his control. So, the U.S. representative of the ECA was Mr. McCloy, though there was a man under him who was an ECA man. And one of the things that was done was to integrate into a single office of economic affairs the handling of all economic matters, including air programs.

MCKINZIE: Did that seem to you, when that was being discussed, a sensible program?

REINSTEIN: Yes, as a matter of fact, I worked on the organization of HICOG. I guess that must have been one of the early things which I did when I went to that office. I should explain that when this office was created, I had been getting rather heavily involved in these German matters in the office of the Assistant Secretary for Economic Affairs. I was asked to come and take charge of one of the three divisions of the office. There was a Division of German Political Affairs, a Division of Austrian Political Affairs, and

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a Division of German-Austrian Economic Affairs. I was asked to take charge of that last one.

I was rather reluctant to do so, because I did not want to become involved in the handling of the German problem. I had the feeling that we were embarking on a new venture and it involved a lot of negotiations and a lot of travel. I had been spending a great deal of time separated from my family, and I wanted to stay in Washington. And I finally agreed to go on a temporary detail of three months with the understanding that at the end of that time I would return to the economic office.

At any rate, when I went to the Office of German Affairs, prior to Mr. McCloy's going to Germany one of the things that we had to plan for was a new administration in Germany, which involved problems of structure. It was also our intention to reduce the staff rather considerably, because with the creation of a German government, it was no longer necessary for us to have as large a staff as was necessary when we had the full governmental responsibility. Our role in Germany was going to change, and we wanted to make that change effective.

MCKINZIE: Could you comment on the clarity, or lack of it,

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with which people saw the relationship of the new American setup to the German political authority?

REINSTEIN: Well, now, you can't talk about American; you have to talk about Allied. We were working in harmony. We had bizonal fusion agreements in the economic field with the British. We had worked out a series of accommodations with the French, by which, in effect, we harmonized the administration of the bizonal area in the economic field with the French operations. Of course, we had the bizonal economic council as a kind of quasi-legislative body; I don't know what the French had in their zone. Laws were generally adopted by the Allied authorities. For example, you would have an Allied law worked out in cooperation with the French. It would then be promulgated jointly by the U.S. and U.K. commanders for the bizonal area and separately by the French commander for the French zone.

We were moving, however, to a new situation when the Federal Government came into existence, and it was agreed that there would be a tripartite Allied High Commission which would act.

During this time there was a vast number of subjects under negotiation, just fantastic amounts. One of the things that was under negotiation was the

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Charter of the Allied High Commission.

We had had this unhappy experience in the Allied Control Council of having requirements for unanimity, which allowed the Soviets to block all action. In the planning which was going on for negotiations with the Soviets for a new set of control arrangements, one of the things we wanted to avoid was the perpetuation of the veto. The same problem presented itself in the tripartite negotiations, and the Charter of the High Commission (which I have not read in many a long year), as I recall, provided that decisions could be made by majority vote, but that if one of the High Commissioners was outvoted and objected, he could appeal to governments and during the pendency of his appeal the action would be stayed.

It was rather interesting that this appeal procedure, I think, probably had some origins in the working arrangement which we had with the French before the Charter. I guess that there was some kind of working document for relations between the bizonal and the French zone, because there was a great controversy about something called Law 75, relating to the control for the coal and steel industries. The coal and steel industries were located predominantly in the British zone, although not exclusively. But the heart of the

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coal and steel industries was in the Ruhr in the British zone, and fell under the control of the Bizonal authorities.

Law 75 was a law which was adopted for the purpose of breaking up excessive industrial concentrations. It was an antitrust law which provided primarily for the breaking up of the steel industry.

There were, as I recall, probably some coal aspects to this, because I think that they had captive mines. Any American who has followed antitrust matters for a long period of time will know that this captive mines problem existed in the United States, too, and was a subject of action under our antitrust laws.

Law 75 provided a framework for a reorganization of the coal and steel industries. Remember, this type of thing was going on in other industries under the decartelization program which led, for example, to the breaking up of the I.G. Farben combine into three separate units.

At any rate, in the process of doing this, the law provided for the military governors taking title to some of the important properties, in effect in trust. The law then provided, as adopted by the British and the U.S. commandants, that the determination of the ultimate disposition of these properties would be left

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to the future German Government.

Well, this provoked the most immense uproar, because the French did not wish to leave this decision to the Germans. This is what made me think about the appeal procedure. The French

commandant objected to this decision and appealed the decision to governments. Then, for reasons which are obscure to me procedurally, the British and U.S. top commanders also appealed, perhaps on the grounds that the French position was incorrect and the matter was not subject to appeal. At any rate, the problem eventually went to the governments and was the subject of inter-governmental negotiation. So, the appeals procedure had its origins in the earlier arrangements and was incorporated in the Charter of the High Commission.

The High Commission, I think I might say in passing, functioned on the whole--considering the fact that it represented different administrative conditions--remarkably well. This was owing in many respects to the personnel of the three High Commissioners. You've got men of a quality of McCloy; Francois Pensen; a very senior British foreign office, Kirkpatrick. They presented experience in business, and government, and diplomacy with a character which really enabled them, as individuals, to function

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together and to operate the extraordinarily unwieldy apparatus of the High Commission quite effectively. There are a lot of things that you might say about it; perhaps I might say that they took too long and they didn't get things done. But if you look at what could have happened and what did happen in the Allied Control Council period, the operation of the High Commission was, by contrast, extraordinarily smooth, even if clumsy and in many ways inefficient and slow.

MCKINZIE: I would like you to comment on the premises which existed at that time regarding Germany and the new German Government--namely how much, how fast? How much freedom, in what areas, was contemplated for the new German government?

REINSTEIN: Well, this is something which I must say bothered me when the occupation statute was being written. As I said before, the statute had been originally negotiated by the military governors, and the military governors couldn't reach agreement on it. It was then referred to governments for a decision, and we had a diplomatic negotiation which took place in Washington that same spring. All these things were going on at a time; it really was a seven-ring circus, because you had the Jessup-Malik negotiations, the

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preparations for a meeting with the Russians, negotiations with the Allies among themselves, negotiations with the Germans, and the NATO treaty. Everything was going on at one time.

I guess it may have been in connection with the signing of the North Atlantic Treaty--because that took place at that time--that they had the tripartite ministerial meeting at which time they picked up all these unresolved German problems and dusted them off. We then reached agreement on the Charter of the High Commission and on the occupation statute. At the time one of the things that struck me was that we were reserving powers, vis-à-vis the German Government, in a variety of fields.

As a matter of fact, the Germans were quite dissatisfied with the terms of the statute, so much so that they balked. They extracted from us a promise that the terms of the statute would be reviewed with the obvious intention of revising them and making them more lenient, within a period of within 18 months from the time that the German Government came into existence. We gave them that commitment, and I'll come back to that when I come to the further negotiations the following year.

Now, what bothered me at the time was that there

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was really no agreement among the three powers as to how these reserved powers--powers when we had the authority to direct the Germans, to control, or even to legislate--were to be exercised. I raised the issue at the time and it was brushed aside.

I think probably the grounds were sound, which was that with the number of things that we had going on at the time, it was just not feasible to try to work out agreement of that kind, certainly not as a precondition to adopting the statute.

Now, in point of fact, it was kind of left to the High Commission to effect the coordination. Although the High Commissioners were going back to their governments for instructions, there really was no agreed set of assumptions as to what the policy would be in any of these fields. There were probably assumptions in each government; there may have been, I don't know. In some matters, I don't think that there were. It was simply felt that these were important matters, matters on which we should keep control, and we would work out, as we got to it, what the nature of the control would be. I think that there was a very distinct lack of policy framework or agreed assumptions as to how you would deal with the German government, on a whole range of very important matters.

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MCKINZIE: What about the matter of reserving the right to make decisions about German's level of constabulary and any future military force? What kind of assumption underlay that, at least in the U.S. Government? Was it the idea that ultimately Germany would be groomed for providing a contingent for NATO, or the idea of keeping Germany from having any political force? Was it simply a fear of German resurgence, or some conciliatory gesture toward the Soviet Union?

REINSTEIN: At that stage, I don't think that it was conceived that the Germans would have anything more than a police force, and a very limited force. In the first place, there was no concept at that time of their being NATO forces. I think the assumption was that the pledge of an American willingness to come to the assistance of the Europeans in the event of an attack was a sufficient guarantee. This had been the missing element in the post-World War I arrangement, when the United States had not been willing to have commitments. This was described as a very revolutionary step in American foreign policy, that we were willing to enter into an alliance in

peacetime for a substantial period of time. As a matter of fact, in World War I we had not been willing to even call ourselves an Ally; we

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were an associate power, not an Allied power. The term "alliance" was a bad word, so this was thought of as being a really quite revolutionary change in American policy and I think it was felt that that would be sufficient. The Europeans were working on creating some kind of combined military establishment. They'd set up, under Western union, headquarters at Fontainebleau and were coordinating their rather modest military efforts. There may have been some conversations with the Europeans about what one should do under specific circumstances; I'm not sure. If so, they were solely contingency planning.

There was no idea that you'd give the Germans military forces. As a matter of fact, in the writing of the German basic law, the Grundgesetz, there had been considered pressure put on the Germans to set up their financial arrangements in the first place to give a large amount of authority to the states, to the lender. They were given areas of competence which I think went beyond the areas of competence under the Weimar constitution.

Of course, in the imperial times they'd brought together a series of independent states. The individual governments in Imperial Germany had retained a good deal of individual freedom, including even the

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maintenance of separate armed forces. That was all done away with by Weimar, which moved very far in the direction of a centralized government. Of course, the Weimar constitution was then used very effectively by the Nazis to convert Germany in a way that enabled it to commit aggression. So, the general thrust of the influence that was brought to bear on Germans was to decentralize power to the state governments and also to limit the financial resources of the Federal Government, one of the ideas being that if you limited their ability to raise money for military purposes.

And there is, I recall, the provisions of the basic law. They set up what is, I think, a very efficient system. Instead of having income taxes, for instances, raised both by the federal government and by a state government, as we do, you have your income tax raised once, dependent on allocation of revenues.

In the allocation of revenues, the thing was set up so the states have a guaranteed share. There is a very complicated procedure for resolving differences of opinion between the Bundestag, which is the elected body, and the Bundesrat, which is representative of the state governments. If there is a conflict between

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the two--and this conflict can occur if, for instance, the opposition party has control in the Bundestrat and the government party in the Bundestag--by a complicated procedure, by absolutely majority vote, the Bundestag can override the Bundesrat. But, as I recall, this provision does not apply in cases involving the allocation of revenues.

But certainly, the kind of influence that was brought to bear on the Germans by the Americans, at any rate--and I think probably this was shared by the French; I don't think the British bothered about this quite as much--was toward decentralization, toward not having the federal government too powerful, and toward limiting the resources available to it which would enable it to surmount a military effort. That certainly, I think, is the kind of thinking that was going on at the time that the documents were being adopted.

MCKINZIE: NATO, of course, was being negotiated and signed at this time. I'm wondering if there was any early discussion in the PPS or your office about the effects that the formation of NATO was going to have on German policy, about the eventual integration of Germany into NATO and what that was going to do to U.S.-Soviet

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relations? I have the impression that there was some idea that the Germans ultimately would have to be brought into NATO, or desirably would be brought into NATO.

REINSTEIN: I don't think there was any official thought to that effect. You could probably always find somebody who would have some ideas and be willing to voice them. I forget at what stage it was, but I think it was after the Korean War when people were talking about having German soldiers and American officers--extraordinarily realistic! It reminds me that some 500 years ago the idea of having a European army was put forward. The Pope at the time was said to have remarked, "This is a ridiculous idea; in what language would they give the orders?"

But of course, the North Atlantic Treaty was drafted in such a way that it really leaves the German problem aside except in one respect. In the first place, you have a definition of the North Atlantic area, which does not include the parts of Germany which were occupied by the Allies. There is a provision which says that an attack on one is an attack on all. Then an attack is defined as an attack on the territories of the parties which are in the treaty

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area.

So, for example, an attack on American territory outside of the treaty area--the treaty area, as I recall, did not include two of what are now our constituent states of the union, Alaska and Hawaii--would not be an attack on the United States according to the meaning of the North Atlantic Treaty. We had a southern limit, the Tropic of Cancer, as I remember. Then there is an additional provision that an attack on the forces in Germany will be regarded as an attack on the country itself. In other words, the treaty provided that if the Soviets attacked our forces in

Germany, this would bring Article V of the treaty into operation. It was not a guarantee to Germany, although in fact it tended to work out that way later. It was really a guarantee among ourselves. And by the same token, it left us free to negotiate with the Soviets respecting the future arrangements with regard to Germany.

MCKINZIE: You are saying that the NATO agreement did not exclude the neutralization of Germany?

REINSTEIN: No, by no means. The German thing was left completely open, because the only thing was that as long as we had forces there, if the forces were

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attacked, then the treaty came into operation. But if those forces were withdrawn, other arrangements would be made. This was left as a tabula rasa, so to speak. It was quite open for negotiations with the Soviets. There was no guarantee, and our hands were in no way tied, especially on negotiation with the Soviets.

MCKINZIE: Did you yourself feel that the neutralization of Germany was a possibility at the time, or that the time had passed really?

REINSTEIN: My recollection is that the concept for the neutralization of Germany was, at that particular time--and this was prior to the Korean War--still regarded as a very live possibility.

Now, I would add to that that certainly, at all times I think, the people thought about what you might have in the future. They were left with this problem of how to insure that there is a force of some kind which can maintain order within a country. A local police force is not adequate to keep order when the things get rough. There has to be a force which has greater military capacity. I really don't think anybody had any idea as to the policy; there were no ideas about what you do about it.

The experience in the Weimar time was most

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unfortunate. The reliance on outside forces to maintain the established government also was a rather unsatisfactory type of arrangement. In the first place, it invites outside intervention in your affairs, and second, the outside powers may find themselves under obligation of defending a government that they really don't want to defend at all. So, you're left, in those circumstances, on the horns of a very real dilemma, and to the extent that people thought about it, I don't know. I don't know that any positions were ever taken.

As for my personal opinion, I am inclined to say was that you had better have a small native force and the right to intervene if you didn't like what was happening, recognizing that the choices that you would have if you intervened would be very unpleasant, indeed.

MCKINZIE: Was it anticipated that NATO would in any way compromise the economic plans that had been formulated and were then being affected in Europe? The solution to Europe's problem, one might say was conceived of two years earlier in economic terms.

Now, we are talking in 1949 about military solution to Europe's problems. Is it unfair to say

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that NATO was in some sense destructive of economic reconstruction?

REINSTEIN: Oh no, on the contrary. The general concept was that in order to get economic recovery or economic development, you need investment. Investment involved confidence in the future. If you don't have any confidence in the future, you might as well eat up whatever you've got now; save it for what? Anytime you make an investment from which you don't expect to get a return for some period of time--or perhaps you may not get any immediate return at all--your ultimate investment is recoverable only at some time in the future. You have to have a belief that at that time in the future conditions will be such that your investment will be safe. NATO, in effect, complimented and buttressed the European Recovery program by providing it with some guarantee of stability. It didn't take any resources away from the recovery program at that stage, because no significant military effort was involved, or envisaged. It was felt that the treaty itself was an adequate guarantee.

MCKINZIE: So, people were entirely sincere in saying that this was no smokescreen with which to cover the rearmament of Western Europe which they anticipated

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that they might be able to sneak in a year later?

REINSTEIN: Well, I think, if I'm not mistaken, that the Europeans themselves had decided that they would try and improve their military posture, which had deteriorated very badly. Under the aegis of Western Union, they did set up a provision for making some kind of a common effort.

Now, I didn't follow this thing particularly, because it really didn't involve Germany. If I'm not mistaken, we did work with the Europeans and give them aid in modernizing their forces--that is Western Union forces. The British didn't need this, I don't think; but the forces on the Continent, such as they were, had a lot of American equipment of World War II origin. I guess they needed replacement parts, modernization, streamlining, and things like that. I'm not clear at the moment what we were doing about our own forces in terms of the modernization. We were left with an awful lot of stocks of World War II equipment. The Army engineers were fooling around with the design of the M-48 tank, and the Air Force, having achieved its independence under the National Defense Establishment Act, must have been thinking about its planes and modernizing them.

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But I think probably what we were doing was fairly modest and certainly confined to Western Union forces.

The forces had run down very considerably. Their primary need was, I think, for equipment, and the extent to which you made the equipment available from U.S. sources didn't really constitute any drain or conflict with the recovery program at all.

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Tenth Oral History Interview with Jacques Reinstein, December 27, 1973 in Washington, D.C.
by Richard D. McKinzie, University of Missouri - Kansas City

MCKINZIE: Mr. Reinstein, perhaps we can start with tidying up the loose ends of our previous discussion, which concerned Germany in the period 1948-1949. We got involved in discussion on NATO and did not, at the same time, discuss the tripartite meeting. I wonder if you could comment on that and then move to the Paris meeting in June?

REINSTEIN: Well, it is appropriate enough that we get the two involved, because they were related in a time sense. The tripartite meeting took place, as many of these meetings have--and I think this is a rather important thing to understand--on the fringes of another meeting. This was, certainly, over a long period of time, and it was a period of time when we, the French, and the British were trying to concern our policies and take advantage of other meetings with the foreign ministers. They were informal in the sense that they did not have the concepts of an organized council such as the Council of Foreign Ministers. As a matter of fact, anything of that kind would have been extremely distasteful to the smaller countries, who resented a great deal our getting together. Still,

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they recognized our special position on Germany. "Special rights and responsibilities," I think, is the term we used; it is derived from the basic documents relating to Germany, the surrender terms, and the assumption of supreme authority. These special rights and responsibilities gave us a basis for acting in a special way.

We had, on our part, recognized that the Benelux countries had a special relationship to Germany, because of their close geographical proximity and their ties and dependence on Germany economically. This was reflected in their role in the London Conference in 1948 and the fact that whenever we did meet in these larger meetings, from the spring of 1949 on, we involved NATO. They were, of course, present at that time, and there were usually special meetings with the Benelux foreign ministers in connection with our German meetings, so that we could discuss with them what we were planning to do and consult with them. The Washington tripartite meeting is, in a sense, the first of these. I call it informal because we had no organized secretariat and no organized form for these meetings. We took up whatever business had to be taken up at the time, and there being no organized secretariat, the arrangements for supporting the

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meetings and for recording the work tended to be rather informal, ad hoc. For the most part they were taken care of by whoever was the host country. Since in later years we sometimes met in places other than the three capitals, this made them even more informal and loose. For example, if you were meeting at a place like Copenhagen, obviously there wasn't a host country; you met in somebody's Embassy, perhaps. This happened in Lisbon, too, which is a little closer to the time we were talking about and in a sense is one of the high points of the tripartite coordination and collaboration.

Well, the formal signing of the North Atlantic Treaty brought the Foreign Ministers of the various governments together and enabled us to arrange meetings--they weren't, as I recall, terribly well organized--to deal with a series of problems with regard to the establishment of the German Government.

I think that in our previous conversations we've touched on those, but I don't, at the moment, even remember what all the documents were.

The occupation statute was certainly one of the major important documents. The charter of the Allied High Commission was another one. I have the feeling, while not having consulted my papers, that there were

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several other documents, but I don't remember at the moment what they were.

Of those two, one was to find our relations with the German Government; that is the occupation statute. The charter of the Allied High Commission was to define the relations of the three Western occupying powers among themselves in their dealings with the German Government under the occupation statute. I guess it must have had some saving clause. There were some documents, as I recall, which made clear that in the process of doing all of this we were not altering our relations with the Soviets. I can't remember what they were, but this was a very important part of any action which we took at that time. Again, I think it's one worth underlining. The logic of events had driven us to the point where we first had aggressively brought the administration of those three zones together. We then had to turn to the Germans and authorize them--and even perhaps more than authorize them--to create political organs to administer the Western zones of the country under Allied control.

But at the same time, we did not wish to alter our relationship with the Soviets with respect to Germany as a whole. So, these two aspects of the German problem, which potentially gave rise to very

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considerable difficulty, always had to be kept in mind. We always had to be able to move on the four-power basis, even though the likelihood of our reaching any agreement with the Soviets did not appear to be very great. Our ability to do that had to be preserved; it had to be made clear to the Soviets, and it had to be made clear to the Germans. The latter point was certainly not a terribly difficult one, because I think that generally the German opinion accepted the need for action which would involve the Soviets as well as the Western occupying powers, if there were to be any improvement or resolution of the difficulties for the East. And at that particular time, the permanent division of Germany, or the indefinite division of Germany, was not something that people really thought was going to happen.

MCKINZIE: Did you?

REINSTEIN: No. As a matter of fact, I'm sure that at least one time in the fifties, maybe more than once in the fifties, I thought we might open up the way to some kind of negotiation which would result in the reunification of Germany.

When we talked about it, and we put in these words, these were no formal phrases; I would certainly

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say that. The reservation of various problems until the final settlement--including the eastern boundaries, which we didn't accept--was not a formality. And when we used the phrase "reunification of Germany," this was not just what the French call "clause de style," clause of style. It was not a formalism that you put in the document just because it's customary to do it.

In our view these provisions which left open the possibility of negotiation had genuine content. Now, when you look at the negotiations over a period of time, the enthusiasm for negotiating on one side or the other seems, to me, to have varied. Sometimes we were the ones who wanted to have meetings with the Soviets on Germany, and sometimes they wanted to have meetings with us. In 1949, I think, there was a mutual interest in having a meeting, by just glancing at Acheson's book. (I haven't looked at it enough to refresh my memory and see how he thought about it.) It certainly seems to me, as I look back, that there was an interest on both sides in having the meeting, although those interests varied.

The tripartite type meeting did enable us to take the final steps to go forward with the organization of the government of the German Federal Republic to establish the Allied High Commission, and to move to a

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new phase in our relations with West Germany. This was an important card in our dealings with the Soviets, whom we met, I guess, the next month or so. The tripartite meeting would have been at the time of the signing of NATO, which was in April, I guess. The foreign ministers meeting

in Paris began in June. But at any rate, the important thing at that point was the intervention of the Jessup-Malik agreement.

While all these things were going on, the Soviets were trying in various ways to affect what we were doing on our side of the line. The pressure which they decided to insert in Berlin by initiating the blockade had been unsuccessful. In effect, we were supplying Berlin and were going ahead with two major enterprises, the negotiations with the North Atlantic Treaty and the establishment of a government in the Western zones of Germany. The Soviets tried to disrupt both enterprises. They did this both publicly and privately. They protested our intention to sign the North Atlantic Treaty and sent notes to all the signatories on that subject. They tried in various ways, I guess, to interfere with our negotiations regarding the West German arrangements. I think it was in that connection that the Jessup-Malik talks became important.

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I think I mentioned in an earlier stage, after the imposition of the blockade, at least one of the communications that we had made with the Soviets offered to meet with them and discuss the German problem. Now, this is what gave rise to the charge which Marshall gave the Planning Staff, in the summer of '48, to consider the German problem. While that examination was going on--it was completed sometime in October--there was a continuing discussion of German problems. At a certain point the Soviets approached the Americans rather quietly to explore the possibility of ending the blockade and making some different arrangements with respect to Germany. These exploratory talks with the Soviets were going on at the time that the foreign ministers met in Washington.

Now, in his book, Acheson gives--this is on page 272--a description of what happened which is very much in accord with my recollection of it, though I was at a much lower level, obviously. But I think he gives the atmosphere of the discussion and the substance very well.

The negotiations with Malik were conducted extremely secretly. It's one of the well-kept secrets of this government. I put it, as one of the best kept secrets that I know anything about, along with the

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content of the long Italian surrender terms, which were known to an extraordinarily few people until they ceased to have any significance and were finally published.

The negotiations were extremely active. There were texts that we kept looking at, and it was very hard to keep up with them. I was always pulling at somebody's sleeve or coat tail to get ahold of the latest draft and have it looked at from a certain point in which I had particular interest. My special interest in the agreement to lift the blockade, in the capacity which I then had, was in the exact arrangements with regard to the resumption of trade relations between the Western zones and the Soviet zone.

A particular reason for this was that we had, after the imposition of the blockade by the Soviets, imposed strategic trade controls. It was, therefore, important in the drafting of the document to lift the blockade not to create a loophole in those arrangements--which, as I remember, we worked out sometime during the winter of '48-'49. We worked them out when General Marshall was still Secretary of State. I remember that the American decision on this was reached at the Cabinet meeting attended by General

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Marshall. There had been a good deal of discussion of this, and we prepared a paper for General Marshall to take to the Cabinet meeting; I think I drafted it. I remember there was a certain amount of confusion about it afterwards. The paper was about a page and a third long, and General Marshall came back from the meeting and said that he'd read the paper and that it had been accepted. We then got into considerable squabbles with other departments about what to do when we discovered that the General had not read the second page of the paper.

It was one of those cases where we should have adhered to the dictum that papers should be one page long; he read the first page, but he didn't read the second page. The second page had some rather important points in it which were designed to limit the scope of the proposed controls to items which had a genuinely significant strategic effect. It was not to apply to, for instance, buttons simply because they might be put on soldiers' uniforms. I'm afraid that this concept didn't get recited at the Cabinet meeting, and we got into a certain amount of difficulty as a result of it, thereafter. But at any rate, after adopting the decision to impose these controls--which was a counter to the Soviet policy in Europe--we then approached the

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European governments and got their agreement to adopt similar controls. This gave rise to a long period of strategic controls. I guess most of them, except those with direct military character, have now been eliminated. For many years we had internationally agreed-on control of exports to the Soviet Union and Eastern Europe, and also to China under a separate system. And the preservation of those controls was a point that was involved in the drafting of the agreement to lift the blockade, not to write the document in such a way as to obligate us to permit supplies to go through across the zonal frontiers or through Berlin in a way which we would not have otherwise permitted.

MCKINZIE: Was that because of the pressure from Congress?

REINSTEIN: Oh, no. This was something we obviously wanted to safeguard. I mean, the adoption of these controls had been decided by the President and the Cabinet. There were just differences of opinion in the Executive Branch, as there always are, about how you carry out the policy, but there was no question about the policy. And if you had a policy, you didn't want inadvertently to create a loophole in the execution of that policy by clumsy drafting.

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Now, the reasons that this became a problem in the lifting of the blockade had to do with the difficulty in drafting the agreement to lift the blockade. The arrangements for carrying on trade and communication, both between the zones and with Berlin, were extremely complicated and followed no particular pattern. This is a problem that we had for years in dealing with the Berlin problem. At the end of the war, when we made the arrangement to redeploy into the zone and to take up our respective sectors of occupation in Berlin, we did not make very clear and precise agreements about access rights with respect to Berlin. And as a matter of fact, the feeding of the population of the Western sectors of Berlin was undertaken by us in the first instance because the Soviet zone of occupation, to which Berlin would normally have looked for its supplies (since it was located right in the middle of the Soviet zone), was incapable of supplying adequate food stuffs. We met the slack; in a sense, we had to.

I don't think that the philosophical and legal theory of the rationing is all that idle. If you're trying to control a territory, you can't have the people there starving without danger to your forces. This was the theory on which we rationalized the provision of relief to Germany to the Congress, and it

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underlay our subsequent positions with regard to our right to do it and our obligation to do it, as well as our claim to right for reimbursement. This figures into this German debt settlement that we'll come to at a much later stage. The United States itself piled up something like well over three billion dollar's worth of assistance to Germany in the form of relief and Marshall plan aid.

After the troops settled into the sectors which had been agreed by to the European Advisory Commission in London during the war, a series of practical arrangements were established by which we supported our forces in Berlin. Still, the only agreement we had which was at all clear-cut--and this is what really saved us during the blockade--was the agreement on the air corridors. The other arrangements were not clear, and I don't know whether they were even uniform between the three Western Allies. We all followed different procedures depending on our different situations. But at any rate, we had our military trains, and we also sent supplies by the Autobahn. The military commanders in the zones of occupation all had various agreements among themselves with regard to trade, and those, I guess, in the case of the British and ourselves, eventually got unified under the bizon arrangement.

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They depended very much on the availability of supplies and the character of the materials available for and useful in the interzonal trade. This patchwork of arrangements made it very difficult to put, in positive terms, exactly what would be done when the blockade was lifted. So, the Jessup-Malik agreement took the form of the withdrawal of various restrictions that had been imposed beginning with the reference date, as I recall, of March 1st, 1948. In describing what would be eliminated, we had to take care not to describe the elimination of the strategic controls

which we had imposed on the flow of particular commodities. We did draft the agreement to cover that point, although not so clearly that it didn't give rise to some misunderstanding even between Washington and the U.S. element of Berlin later; but it all came out all right in the end. And that was one of the specific points that I was trying to make sure was covered in the Jessup-Malik agreement.

Those negotiations were going on at the time of the tripartite meeting, and the meeting did provide an opportunity for looking at the various things that we were doing and making sure that we all understood exactly what we were trying to do and how we were going to deal with the Soviets. We did reach agreement with

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the Soviets on the lifting of the blockade, and as a result of that they agreed also to reconvene the Council of Foreign Ministers in Paris in the month of June.

MCKINZIE: Was it a foregone conclusion that you would attend that meeting?

REINSTEIN: I guess so. I'd attended all of the previous ones, and at that point I was head of German-Austrian economic affairs. We had three divisions in this office which was headed by Mr. Murphy, one which dealt with German political affairs, one which dealt with Austrian political affairs, and one which dealt with German and Austrian economic affairs, as I recall. The Paris meeting was to deal with both the German and the Austrian problems, and since I was not only bureaucratically responsible for these problems in Washington but had been to all of the previous four-power meetings, I think they more or less expected that I would go as a matter of course. I don't remember anybody asking me whether I wanted to go or anything; I just went. I just more or less naturally turned up on the delegation list. I think that almost everybody who was concerned in the problem in the direct line of command in Washington wound up in Paris.

Obviously,

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they must have left people to tend the store in Washington, but I can't remember who my deputy was; I may have had more than one. At any rate, somebody was left in charge in Washington to take care of the regular work while we went off to Paris.

MCKINZIE: Was there a lot of discussion before you went about positions that you would take on questions that would emerge at the meeting?

REINSTEIN: Well, the preparations had begun with General Marshall's request to the Planning Staff some ten months before, in early August of '48, to prepare recommendations. Marshall's frame of reference was that he said, "All right, we have committed ourselves to the Soviets to have a meeting with them. If they will lift the blockade, what do we do at the meeting? And so the preparations for this meeting began in August of '48, although the meeting didn't take place

until June of '49. And as I said earlier, all during that winter and spring the discussion of how to deal with Germany kept going on in a rather dynamic way.

On one hand you were working towards setting up the arrangements in the Western zones with the Germans, the British, and the French. On the other hand you

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always had this open statement of willingness to sit down with the Soviets and meet with them, if they would lift the blockade.

So, the prospect of such a meeting was before us all the time, and since I don't think any of us supposed that the blockade would go on forever, it was virtually a certainty. I make one slight amendment to that, which was that I at one time suggested--and I didn't get any particular support for this idea from anybody--that we pull everybody out of Berlin who wanted to come and set up a new city in the West. I felt we should abandon the shells of Berlin to the Soviets and let them do with it what they want. It was a sort of difficult enterprise in a way, but my idea was to organize this and solicit financial support all over the world. Berlin had become a symbol of freedom. I felt that we should just get loose from this albatross. It was possible that the blockade could have gone on and on, and we would have had to carry on and on with the furnish of supplies. Although it was absolutely extraordinary what we took in there, we didn't take just food; we took construction materials and we took raw materials to keep the industries going on some basis. The aircraft was a terrific enterprise. Nevertheless, it was necessary to conceive of it as

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something that you don't want to go on for an indefinite time period. It was just out of the question. We certainly debated various things to do, and, as I say, this was an idea which I had. It didn't appeal to anybody else very much, if anybody.

MCKINZIE: Did you get a chance to air this idea?

REINSTEIN: I got a chance to air it with people about my level and the next level or so up, but not beyond that.

Since we didn't have that way out, the other way out was to eventually come to some agreement with the Soviets. Now, basically, our ability to bring the blockade to an end, I think, rested on two pillars. One was that we had been able successfully to circumvent the blockade through the airlift, which the Soviets could only disrupt by taking issue and using force. We'd shied away from using force to push our way in. I was not really involved in that discussion of whether we should use force or not use force, and I don't remember anything about it. The fact of the matter is we didn't do it. The airlift put the monkey on the Soviets back in that they could disrupt the airlift only by using force themselves, which they shied away from. In those terms, we were in a stalemate. They failed to prevent us from carrying out

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the currency reform, which was the ostensible reason for imposing the blockade. They failed to stop us from going forward with the North Atlantic Treaty. Then, more specifically in the context of Germany, they failed to stop us from organizing the administration of the Western zone. So, with a double foundation of stable currency and the organization of a governmental structure to administer the Western zones, we were at least able to cope with the basic problems in Germany, which had been of such appalling complexity in the first year or so after we moved in there.

MCKINZIE: As you then prepared to go to the foreign ministers meeting in June, had you pretty much written off any hope at all for progress towards unification?

REINSTEIN: No. As a matter of fact, we organized to negotiate on the whole length and breadth of questions. We must have gone with extremely complicated and fully prepared papers; I don't remember them in much detail, but I do remember how we worked in Paris.

Of course, one of the things to remember is that we had this break. The last time we had a meeting with the Soviets had been in December of '47, so it had been a year and a half since there had been any negotiations. We had negotiations on the Western

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countries, but they had been directed at different subjects. There really hadn't been any real tripartite preparation.

Of course, at the time of the earlier meetings the French position was rather somewhat separated from the British and the American positions. The French had originally been a little bit in the middle and gradually had sort of moved over. The Western powers had actually moved toward a set of common positions, but this was a gradual movement, which was finally really sealed only at the Washington meeting.

The Washington meeting in the spring of '49 was the first time that we had, I think, quite full and effective French participation. This was Schuman, and no account of this period would be complete without at least some reference to the extraordinary role that he played. I don't want to depreciate the importance of Bidault.

I think it's well to remember that for the period of from 1945 until something like 1954, a period of nine years, France had only two foreign ministers. They alternated to some extent, and either Bidault or Schuman was foreign minister in all that time, until De Pino Lupino was the foreign minister in the Socialist Government. There had been a breakup in the coalition

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of the MRP, the Socialists, and the Radical Socialists, I guess. A left-center coalition really succeeded de Gaulle. There was extraordinary continuity in the French representation, and Schuman played an absolutely extraordinary role in this German picture. If you could get away from governments and talk about people, the responsible people on a ministerial level brought somewhat different intellectual qualities and background, and different contributions. In Britain, you had the labor government which played an important role for a long time, with Ernie Bevin (this is before the period when the conservatives took power that we are talking about). There was also a succession of quite extraordinary Americans: Byrnes, Marshall, Acheson.

Schuman was a man who was represented personally as Lorrainer, a man whose original language probably had been German. He came very naturally to represent moderation in dealing with Germany, for a concept of a European idea, and a reconciliation between Germany and France--an idea which was accepted by the French with extraordinary alacrity. It is very interesting how easily the French accepted this idea, when one thinks of the long bitterness that followed the Franco-Prussian War which the French nurtured from 1870-71 to

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1914. It was there and present all the time, and it was not that there weren't new reasons for them to be distrustful of the Germans, because their relations with the Germans had their ups and downs. After the first war, after about ten years, I think there was a lessening of the feelings, which in itself was rather interesting because of the terrible bloodbath that that represented. There was hardly a family in France, or any European country, that hadn't felt the war in a very direct, painful way.

And then the Second War really brought it home to people all over the country. The country was fought over, and while their losses of manpower weren't anything like the losses during the First War, there were differences in their relationship. So, what happened in the Franco-German relationship was quite extraordinary along with the role which Schuman began to play at this particular time in the next several years in both shaping and being a spokesman for a feeling that people other than himself had. Now persons in a popularly elected government can carry policies that don't have a certain measure of support. Not everybody had to approve them, and not even a majority of the people have to approve them. But there's got to be some basis to exercise leadership for

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new policies and policies which look at things differently and Schuman did both. Schuman's role, I think, one can see beginning to emerge at this particular time. I don't know what people were saying about this period of history. I have a feeling that the Americans, when they look at it, have this as one of their less charming characteristics--which perhaps we share with other people as well. They just look on everything as if we were the complete utter center of the universe. At that time we quite clearly had an enormous military power in our atomic weapons, but they really had a limited effectiveness. We were still living in a world in which soldiers on the ground counted and things like airplanes counted; we discovered that during the Berlin blockade. We had the airplanes and they had the soldiers. We also had a lot of economic power.

But when you go back and analyze what happened in that time period it's a great mistake, even though the Americans very often exerted leadership--and fortunately, I think, they did--to underestimate the significance of what other people did. I say, I think that our leadership was fortunate, and this is contrary to analyses and appraisals that have been made by other people more recently. I think that our basic concept

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of what our interests were very often, when we look at these problems, interests in the functioning of the system; interests in having an international system that works, that avoids war, that allows people to trade, and that permits change, but change which is not repressed in such a way that it breaks out in violence and becomes unmanageable.

I think that that is the continuity of inter-American policy over a long period of time. I hesitate to apply this to too recently, but since we're talking about a period of some years back, I think it was there then, and it functioned regardless of which political party was in power. It influenced people who had seen economic systems crumble, who had seen political systems crumble, who had lived through two world wars. The concept of order in the system and ways of dealing with problems by discussion were ideas which appealed to these people both philosophically, I think, and as an outer reaction to the horrors to which they had seen the world subjected when the system didn't work.

MCKINZIE: Could you talk about the Paris meeting in '49?

REINSTEIN: We had not done any preliminary work with the British and the French other than at very high levels at the Washington ministers meetings. But when we came

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to Paris we came in an atmosphere which, I think for the first time, we, the French, and the British were looking at things more or less the same.

This was really a very new departure. When you have policy like that, and you have the kind of relationships which were involved at the upper levels of government, these things get reflected downwards. And when we got to Paris, we immediately started working out coordinated positions to take in the negotiations. This was rather highly organized. I said that these tripartite meetings that take place on fringes of other meetings were rather informal, but when you get into something like a negotiation with the Soviets which continues over a period of time, you more or less are forced to figure out what you do every day and coordinate your tactics, but we developed strategy and positions in considerable detail.

The American delegation wasn't such a large delegation. Phil Jessup was the kind of chief of staff of the negotiations. This is a kind of role which has not always existed in this type of enterprise, and it's terribly important that somebody below the level of top man in a matter of

this kind--particularly if you have a variety of different schemes to deal with--take things in hand and organize them. Jessup did that, and

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was very effective at doing it.

We were dealing with problems at two levels at that stage. One was, as we went from day to day, the immediate tactical situation in the meeting which took place every afternoon in the Palais Rose with the Soviets. The second thing, which I found very interesting, was the more detailed preparations for negotiations to take place in the future. I got into this quite deeply.

The discussions with the Soviets on Germany really revolved around the question of how could you proceed to the steps to move forward to create a government and put the zones back together again. It was basically apart from Berlin, because Berlin presented us with very specific practical problems of what we would do there in the future. They were basically political problems, and we had arrived all set to negotiate, if necessary, a comprehensive set of agreements. On our own side of Germany, under military government, we had been taking a series of steps to reorganize the economy, which was necessary if we were going to establish a government. The basic agreements which the British, the Americans, the French, and the Germans had made--which the French would not accept after Potsdam and balked on--was the establishment of an all-German

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administration.

And so when we sat down with the Soviets again, one of the subjects which we effected to talk about, if we were going to carry on serious conversations, was how to put the pieces back together again. They had one kind of money, we had a different kind of money, we had been organizing things, and they had been organizing things quite differently, and we had to put the pieces together. One of the questions on the political side was that if you set up an all German administration and then turn some of this problem over to them, what did you do in the meantime?

Of course, if you would turn the problem over to the Germans, it meant that the occupying powers didn't have to negotiate some of the problems out; they could leave them for the Germans to do.

You asked me before whether we ever thought about the reunification of Germany, and reunification in what sense? Well, we certainly thought about the possibility of an all-German government and a genuine economic unification of the zones. Not only at that time, but at various times after that, there were studies made of how to convert the existing currencies into another all-government currency. I know that we were looking at this problem at various times into the

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fifties, when there was even less reason to think that there would be a successful negotiation than in '49.

One of the things that we did think we would have to do was to have some kind of a unified currency in Berlin. In our concept, Berlin had to be a unit. It was inconceivable, the loss that you would have if the Soviet sector split off from the rest of Berlin. There had been--and this was something that people tend to forget--a United Nations examination of this subject. After the Berlin blockade was started we took the question to the United Nations, and it was discussed in the Security Council; I forget exactly what was done.

It was discussed as a quarrel between the Allied powers. There were some rather tricky legal aspects of this, because Article 107 of the United Nations Charter exempts arrangements made by the victorious powers from the jurisdiction of the United Nations.

Well, this turned out to be a quarrel not with the Germans. In effect, what Article 107 says is that if you've made arrangements respecting the peace with Germany or Japan, for example, and then you later had quarrels about them and you decided to march in and occupy the Ruhr or something like that, that was not aggression. That problem also arose after the First War. At any rate, Article 107 didn't--although it may

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have been argued, I don't think so--preclude the Security Council from taking this up. They dealt with the question ineffectively. There was a decision to set up a special commission to look into the situation in Berlin. In somewhere around December of '48 the commission was rather active in trying to develop some solutions for the particular situation within Berlin. They didn't come up with anything very sensible as I remember.

But one of the problems that we expected to negotiate in detail in Paris was a settlement of the administration of Berlin, and a great deal of thought was given to that. As many people dealt with Berlin as dealt with the problem of Germany more generally.

On the economic side, I remember we worked out, with the British and the French, common positions on a variety of matters. If we didn't agree on them, we defined the areas of agreement and disagreement. We were all organized to carry on a very detailed negotiation for a comprehensive agreement with the Soviets. As a matter of fact, we worked out positions for all sorts of thing that they never even got close to discussing. So, there were preparations, and the preparations were extremely detailed. They were preparations not only by the U.S.; they were tripartite

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preparations.

Now, as it turned out, we never got around to using these. I don't know whether they were of any utility in reaching the agreement that we finally came to. I suppose that all of the work that you do in this kind of situation is useful to some extent, because what happens is that you have to think out your problems in very considerable detail. You think out all of the possibilities. So, I suppose that the work we did help us in the final drafting of that document, which again has been forgotten after years but was regarded as quite significant at the time. It was called the Paris modus vivendi, which basically had two things in it. One was that it was an agreement, given the fact that we couldn't come to any significant sense of agreement about Germany, to try to avoid aggravating it. The second agreement, was that we would try and see if we couldn't make the situation better, without necessarily having to go through the repetition of a conference of this character, by discussions either at the lower levels on the Allied side or through the Germans.

I think we expected something to come from the possibility of discussions at the German level, although nothing much ever did. As a matter of fact, I

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think that later people even forgot that these provisions had been agreed on. They provided a basis, had there been a disposition to use them, for a gradual process of getting together by the Germans under an Allied umbrella. So, the Paris talks really left us with two possibilities of making progress, if you could make progress; we didn't make any. But it certainly left the techniques. And the Paris agreement, until the Soviets violated it in '55, I guess, gives a period of about six years of a fairly stable situation, apart from the periodic harassment of the access to Berlin on which we didn't get anything better than we got in the Jessup-Malik agreement. That was one of the real difficulties. All we got was formulas--no good, hard, precise agreements that would really insure that you wouldn't have further difficulty. We were still left, after Paris, more or less dependent on the position of the Soviets as to whether they would, in effect, let things progress and develop, as far as Berlin was concerned, or not.

MCKINZIE: What was your own feeling at that time of the negotiation itself? "This is not getting any place?" Were you pleased enough that the three Western Allies had taken a united stand?

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REINSTEIN: Well, it became quite obvious, as the meetings went on, that we weren't going to get anywhere with the Soviets. One of the things to bear in mind about the Paris meeting was that the Soviet representative was Vishinsky, and our discussions with him were somewhat different from Molotov. Vishinsky had been the number two man right along, but at one time Molotov was in disgrace, and another time he was Prime Minister. My recollection is that this was the period when Molotov was made Prime Minister, and Vishinsky moved up to the foreign minister's position. I had watched Vishinsky at close quarters, in small meetings in Paris in 1946, when we were dealing with essentially technical problems. He was then deputy. We had a lot of meetings at the deputies' level apart from the larger meetings. Then during the Paris Peace Conference, which I think I described at an earlier stage, we used to have these quite small working meetings in which we were trying to get through some of the detail of the peace

conference, in terms of the proposals put up by the small countries to the drafting powers. Vishinsky sat as the Soviet representative in these meetings. He was businesslike, not really talking to the public at large. They were business meetings and crisp decision-

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making meetings, and they moved along quite rapidly.

Vishinsky as deputy and Vishinsky as foreign minister were really quite different. I don't know what the various participants and the experts say about this; I'm just thinking back to my own impressions and recollections of sitting in that room in the Palais Rose.

Regardless of what the subject matter of the meeting was, I went every day. This was what, I think I said at an earlier stage, I had done at the Council of Foreign Minister's meetings. I didn't have anything else to do; I went to the meetings. I regarded it as part of my function to sit there, to watch, and to have the feel of what was going on, partly because you then did participate in the delegation meeting. While I was not expected to say anything about matters I wasn't working on, nevertheless I might be called upon to do so. I had to interpret the American position in whatever meetings I went to, and you could only do that effectively by participating in the exercise as a whole, by knowing everything that went on and being sensitive to it and also, you were never sure when there would be a break. You could carry on negotiations for weeks and it might appear that you weren't going to get anywhere, but there might be a

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break. There was a break in Paris; it was on Austria and it took place after I left. I did not work on Austria at Paris, I remember. I had an opportunity to leave and returned to the United States on a ship shortly before the conference was scheduled to break up. They finished with the Germans part, and so far as I could see there really wasn't much going to happen. I think there was a general feeling that the Austrian negotiations would proceed, and the question had been raised about my willingness to participate in the Austrian negotiations. I said that I did not want to, the reason for it being that I had been separated from my family for a substantial period earlier. The Austrian negotiations, I thought, could--as they did--string on and on. I did not want to go and be separated from my family again, and so I think that an element of my leaving Paris shortly before the negotiations wound up was to avoid getting tagged for the Austrian negotiations. But as I say, there was a break in the negotiations on Austria at the very end of the Paris meeting, so you could have one at any time.

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Eleventh Oral History with Jacques Reinstein, December 29, 1973 in Washington, D.C. by Richard D. McKinzie, University of Missouri — Kansas City

MCKINZIE: I think you wanted to provide an addendum to your discussion of the Washington meeting.

REINSTEIN: Yes, I think of both the Washington meeting and the Paris meeting. Let me take the Washington meeting first. This is the Washington tripartite meeting.

The three Foreign Ministers were confronted with the necessity of working out a series of problems regarding our relations with Germany until somewhat later. I think that this was a distinction worth noting. Germany was the object of our effort and our policy, it had no elected government at the time, it was in the process of moving toward the development of political institutions, so those political institutions had to be the structure for them. They had to be provided in the basic law, what the Germans called the Gasetz, and elections had to be held and government had to be established. Beyond that it was necessary that government and other governmental authorities begin to take over their task to develop the confidence of the people and begin to develop also experience, because the

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people who would emerge in Germany would not necessarily have experience in administering a national government, or something like a national government in these three new Western zones.

As a matter of fact, people didn't even think of it initially as anything resembling a national government. Our own transition of our own thought from the German administration to a German government or a government in German territory with a gradual transition.

The Foreign Ministers had to work out and establish a basis for the administration of the Western zones. The work which had been done on this had been done in Germany and it was carried out under instructions, presumably some governments--although the degree to which effective instructions were issued by the United States Government, is not clear to me. I think I have some doubt as to whether there was an effective direction for these negotiations at that time. Let me come back to that from commenting on the role of the State Department in a moment.

Perhaps the Americans were as much to blame as anybody else and maybe more so, but they produced highly complicated legalistic documents, with the most enormous numbers of disagreements. And these documents

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were served up to the Foreign Ministers, the Foreign Ministers found themselves engaged in a process which was moving forward, it could have been altered or changed by a major political decision not to go forward. In fact, they agreed what they didn't want to do, they agreed on the contrary they did want to move forward and not put the brakes on this process of developing an indigenous governmental authority and establishing some relationship between it and the occupation authorities. This meant that there were time constraints on getting things done and the people in Germany served up the most loathsome set of documents of an extremely complex character and all the vast disagreements.

But one of the things which they did, and here I think one has to again pay tribute to Schuman as the man who inspired this was (particularly in the case of the occupation statutes), to sweep away the document which came out of Germany and substitute a wholly new and different and very simple document, which is the document which ultimately emerged and which was written during this meeting, is the occupation statute.

As I recall the document regarding what became the Charter of the Allied High Commission was not perhaps in as bad form. It had all the major disagreements, it

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had major disagreements as it emerged from Germany. But it didn't require as radical surgery. As a matter of fact, it was more than surgery that was done on the occupation statute. But at any rate, as I said, were the two major documents although there were others which emerged from that meeting. And that particular meeting, as I think I did say, stands in historical perspective as the first major tripartite meeting and a very fruitful one.

Now, the second thing I would like to comment about is the role played by the Department of State, that this was in a time at which the Department and the staff of the Department began to function effectively on Germany. They functioned in an environment which they were used to which was intergovernmental meetings conducted by foreign ministers. But they had to cope with a series of problems, which in a way involved some novelty, because they were dealing with problems of governmental administration. This was the period when we were getting ready in the Department to take over the occupation. The decision had been made that when the government of the federal republic was established that the State Department would take over the occupation from the Army. They had refused. At this point it had been accepted and the Office of German-

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Austrian Affairs had been set up under Murphy at the beginning of March to prepare for the assumption of these responsibilities about six months later.

Well, the staff was beginning to move in on the problem at that stage and, although Acheson's book does not reflect this, I think that one of those things that made that conference a useful conference, was the fact that Acheson got rather effective backup from a rather small staff in the Department that helped them during the negotiations.

Let me comment at this point about something that I'll come to again when I touch on the actual takeover assumption. That is the conflict between the Department and the Department of the Army over the administration of Germany. The State Department looked on the problems we dealt with in Germany more broadly and in a European context and with more sensitivity, the problems of our European countries than the Department of the Army did, which seemed to be extremely concerned about its position justifying the GARIOA appropriations before the Congress.

But one of the problems that we had with the Army was a fully different concept between the military way of communicating with a man in the field, and the State Department's way of communicating with a man in the

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field. Did I discuss this maybe before?

MCKINZIE: Yes. The idea that the man in the field in the Army has very much personal prerogatives whereas the State Department insisted on keeping in touch with.

REINSTEIN: Well, it wasn't personal prerogative, but it's the command concepts involved. The military derives basically from the soldier's view of the soldier's task, which is, you send a man out to capture a particular place and defeat a particular army, or something like that. You gave him a certain amount of resources and he's on his own, you don't look over his shoulder and tell him where he is to land or what he is to do in great detail, whereas in diplomacy these details when modern communications permit it, are in fact, subjected to control from central headquarters.

Well, there certainly was rather different concepts of approach to communications and approach to administration and as I say, this spring conference which didn't really involve that, I think perhaps it didn't involve it in a sense that the--what made me think of this was the fact that the negotiations in Germany, I guess in the way they were conducted I suppose they were conducted in Berlin, had bogged down

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to the extent that they had. Which I think probably is a reflection of the fact that they had not been given adequate attention at the governmental level and there hadn't been sufficient so that the governments were then confronted with the problem of having a relatively unmanageable situation, in which you had to throw away a great deal of what we had spent months working on, because it was neither practical nor was it politically suitable. At any rate, that's my addendum on the Washington tripartite meeting.

Now, my addendum on the Paris meeting. First you asked for local color. Well, I might just give you a little bit of feel of how the negotiations looked to one of the participants.

In common with most of the Americans delegation I stayed at the Creon Hotel, which historically had been the place where the American delegations stayed, which was our headquarters in the 1919 peace conference residence.

MCKINZIE: You mentioned some really grim conditions in Paris in earlier meetings.

REINSTEIN: At earlier meetings, yes, but that was right immediately after the war. Life was not grim in 1949.

Now, Paris was, I would say, never lovelier, it

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was a beautiful spring, day after day of cloudless blue skies. But my room was on an inside court at Creon overlooking a coal pile, I didn't see the sky there. I would emerge from the side door of the Creon and go in the side door of the chancellery of the Embassy across the street, have breakfast in the Embassy restaurant and then go to my office which was on the mezzanine which had no outside windows where I was stabled with a large number of other people. I can't remember how many of us there were in that room, or two rooms. We had all the economic people and some of the lawyers and there must have been eight or nine of us all crammed in together in this rather dreary office space.

Then we would go to the delegation meetings which were held in the Wallace Library, a very, very charming room, which I believe is now used as the reception room for the Ambassador, a light, airy room. There is, as I said, a picture taken of the delegation which I have around somewhere I guess, in which one of my colleagues at that time, friend, Burt Neff, has on his wall of his office. We would talk over the problems and positions prior to going on to a tripartite meeting at which we--at the Quai d'Orsay where we concerted positions with the British and French and there the meetings were highly organized.

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Jessup would meet with people of his level, talk about the political matters and the tactics for the day. We had subsidiary committees of various kinds. Sat on an economic committee, where as I said in our earlier previous interview, we worked out a series of positions for matters which never came under negotiation at all, but we had positions prepared in depth for a negotiation with the Soviets. We then came back and reported on our morning meetings and then had another--at least touched base and then in the afternoons we had the quadripartite meetings in the Palais Rose, which were--we roared across Paris with a police escort and I remember saying afterwards that while Paris was never more beautiful, I never saw anything of it, because I was either in a hotel room in which you couldn't see the sky; in an office room which you didn't even have a window; meeting rooms in which your attention was focused on what was going on and when we went from one of these places to another you were in an automobile which roared at such terrifying speed that you didn't want to see what was happening and you closed your eyes.

I was amused to see that in Acheson's book he described the way in which they were driven at breakneck speed to the meeting place at the Palais

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Rose, he only had to put up with this, according to his own account, a couple of times a day, although I guess he had to do it going back and forth between the Embassy residence and the chancellery as well.

It's a very amusing story about that that I don't find in this book, by the way, and perhaps I should add it.

One Saturday afternoon I think he used the Ambassador's office. I don't know how they had it, when that building was built the building was designed to meet the use of Jessie Stauss when he was Ambassador, but it was Bullet who first occupied it, and Bullet didn't particularly think that the Ambassador's office was large enough for him, so he took over the--what had been originally designed as a reception room, which was twice the size of that office, which left the Ambassador's office as a kind of odd single room not connected with anything else. A lovely room which I later occupied when I was minister for economic affairs in the Embassy some years later, a charming room. The big reception room, which became the Ambassador's office, was in the center, and then there was another office down at the corner. The early Embassy building, which was the normal office of the number two man in the Embassy, was always an

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interesting room. I recall the room was occupied by Acheson.

One of the things that was interesting about it was that there were bullet holes in the wood paneling and in one of the pictures which were the result of the fighting on the bridge, the Concord, at the time of the liberation of Paris.

There was a great deal of confusion at the time of the liberation and as a matter of fact I have friends who happened to be on the bridge when the fighting broke. The fighting opened up between the--I don't know whether partisans and the remaining German forces, and they were firing across the bridge. At any rate, in the fighting which took place at that time, the Embassy building got some sprays of gunfire--I don't know whether machine gun fire or rifle fire, and bullets came through and lodged in the walls and made holes, and they put a rip in one of the pictures which was hanging in that room. But at any rate, while they repaired the outside damage, the windows or whatever it was—I guess they probably didn't have glass in the windows at that particular time--the bullet holes and the rip in the picture were not repaired, they were left as is, and they remained there as a memento of the liberation of Paris.

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That was the office which Acheson occupied, and as I started to say, I had an amusing story about him. One Saturday afternoon--the Ambassador's office has a toilet connected with it that's on the other side between what is now the Ambassador's office and the adjoining suite which I occupied when I was minister of economic affairs. But if you're over on the other side you have to use the men's room down the corridor.

So, Saturday afternoon Acheson wandered down to use this thing and as he walked in and the thing--it not only has the normal equipment, but it has a shower. He discovered when he walked in the shower was going and he discovered some ladies underwear hanging over the top of the

shower. He retreated and went back to his office and got hold of Luke and said to Luke Battle, "Look, I want you to go down there and look and see if you see what I think I saw."

So, Battle when down to investigate and came back and assured the Secretary that the was not suffering from delusions, that in fact there were ladies unmentionables hanging over the rod of the shower in the men's room. The explanation of this was that one of the secretaries in the Embassy was going to play tennis and had a date later on and she lived some distance away, so knowing that these facilities were

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not in demand on Saturday afternoon, she thought she would just pop in after her tennis game, have a shower and get dressed for her date, not realizing that the Secretary of State might walk in on that.

Anyhow there is your local color.

As I look back on the '49 meeting on the substantive side, and I have looked at Acheson's book, and the thing which strikes me is that the positions which we took at the Paris meeting reflected two concepts. One, a determination to go ahead with the organization of Western Europe and not to allow the Soviets to surrole this enterprise off by their maneuvering.

I wondered as I look through Acheson's book last night, whether the concepts were quite as clear in everybody's mind as they were in his mind, or in his mind as they reflected in the book. They may well have been, but I'm not sure. I would myself want to go back and look over the documents, look over my own files more.

At that particular stage, I was more concerned I should say, however, with the specific application of whatever it was that we did in the economic field than I was with the general political approach. My situation changed within the period of the following

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year and I became extremely deeply involved in the general political concepts in considerably less than a year's time. But at that particular stage, while I had been in the Planning Staff activity in '48, I had been moved to allying jobs as Director of Economic Affairs and I was much more concerned with the detailed application of the working out of economic problems than I was with the political concepts in that particular time period.

So I say this just to indicate that perhaps I don't have the kind of sensitivity for what happened that you have if you're an active participant in the process of banging out the major documents. I was not a major participant, I did participate in some of the spring meetings and in the drafting of the occupation statute and to some extent the drafting of the Charter of the High Commission, mostly in the drafting of the occupation statute.

There were times when in the process of stripping down the occupation statute, I felt that the drafters were going too far in eliminating controls over Germany with regard to matters on which we had unsolved problems. And while I was not concerned with whether we should oversee the detailed administration of affairs within Germany, I did feel that we had to

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reserve powers with respect to those matters on which there were unsolved issues in our relations, either in dealing with the German people and our relations with dealing with matters that had been generated by the war and by the Nazi administration, and I did take an active part in writing of the occupation statute. I then reverted to, I think, something more of an economic job at least temporarily, and my position in the Paris conference was a more limited one.

MCKINZIE: By this time I take it that you had made a kind of careful assessment of what the Army had done on its own in the economic sphere?

REINSTEIN: No, I wouldn't say that at all. I think that's a very good question and let's leave it for that post-Council of Foreign Ministers period when the State Department began to take over from the Army the administration of Germany. Particularly after September.

No, I was commenting on my own position in the hierarchy, or my own functions, and the fact that I had perhaps a more limited function in the Council of Foreign Ministers meeting than I had, say at the Washington meeting a couple of months before. As a warning that my comments therefore can be taken in a

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more limited sense, I don't have that feeling of immediacy of participation of political process that I would have had a little bit before and I would have very strongly, I would say, a little bit later.

All right, that terminates my voluntary comments on the Council of Foreign Ministers meeting, but maybe you have questions.

MCKINZIE: Well, not at this point. You then went directly back to the Department after the Paris meeting?

REINSTEIN: Yes, I went back to the Department. I managed to escape from Paris shortly before the conference began. I had had a desire to escape from the German problem altogether. I had carefully made plans to get myself out of the Germany problem by the end of May and then found myself in Paris instead. I could see in Paris the possibilities of being drawn into the Austrian negotiations which I thought might be never ending and I didn't want to be in those and I got myself on the second sailing of the new British ship, Cunard liner Cornia, and off to New York just before the conference ended to escape this type of negotiations with the Soviets and get back to a different kind of life.

When I got back to Washington I found people on

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vacations, particularly Willard Thorp, Assistant Secretary for Economic Affairs, who was my boss and whose office I expected to go back to. But there really wasn't anything to go back to at the moment and I took some vacation and stayed on in the Office of German-Austrian Affairs with Murphy and worked on the preparations for the takeover of State Department responsibilities for the occupation.

At a certain point it was decided to make Mr. Murphy Ambassador to Brussels, and Byroad, who had been borrowed from the Army, as Murphy's deputy. The concept involved in the shift over was that during a period of time there would be both State Department personnel and personnel from the Army who had been involved in civil affairs so that there would be a smooth transition.

The idea was that the Army personnel would by and large return to the Army, although a few of them did stay on in the State Department. Some had come, I think, before because you must remember that one time the man who was head of the Civil Affairs Division of the Army, General Hildring, came to the State Department to perform a somewhat similar function. So there were various devices of a sort of personnel character had been adopted to facilitate the

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relationships between the two departments and to facilitate the changeover of administration of responsibility from the military to the civilians.

Byroad had made an extraordinarily favorable impression on people. I would like to perhaps at this point, comment on him because he plays such an important role in the events of the next, roughly, two years. He came from India I believe, was an engineer officer, West Pointer. During World War II he was responsible for the building of the bases in China and I guess in adjacent areas which we used as places from which we bombed the Japanese in China and from the mainland. He was at that time the youngest brigadier general in the Army. There had been younger generals at various times in the American Army. I only need to recall that Lafayette was lieutenant general at the age of 27, and Byroad was a brigadier at age 30 or something like that I believe. After the war he only had temporary rank of brigadier and reverted to the rank of colonel. He was one of an absolutely brilliant group of young officers, all of whom were colonels, in this particular time period: Byroad, Bonesteel who later was commander and who played an important role in Europe and later went back to the military and had some eye trouble which I think probably held up his

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advancement. Otherwise he would have, I am sure, gotten a four star ranking. He was commander in Korea. Abe Lincoln, a quite extraordinary person who insisted on remaining a colonel for many, many years, forego becoming a general, although he eventually did become a

general and was the head of this emergency office in the White House that was abolished only a few months ago. Andy Goodpaster, now Supreme Commander in Europe, Allen Gerhart, longtime aid to McCloy, both when McCloy was in the War Department, and later when McCloy was in Germany. Extraordinarily bright naval people.

There were some others who I remember from 1946, there were some I couldn't--there was a General Gerhart, John Gerhart, Air Force general who was with us in the peace treaty making and who I think later appears in a rather important person in the NSC. Very bright, knowledgeable, able group of men.

People talk about the military and the "military mind." My own reflection is that none of these men have a narrow military view, they had an extremely broad view. I've always been fascinated to know what were the processes that put these men where they were and made them so useful to us and gave us the benefit of their work. They certainly were a very interesting group of men. Byroade (to come back to him as an

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individual), was later with Marshall in his China mission, and at some stage was attached to Tracy Voorhees. Tracy Voorhees, whom I mentioned earlier I think, was the Assistant Secretary of the Army. He succeeded to what in effect had been the McCloy job at an earlier stage in the War Department, and was responsible for supervising civil affairs and Byroade, I think, was Voorhees' deputy. Voorhees was a Philadelphia lawyer. I guess because of Byroad's connection with Marshall he was put into this work.

Anyhow he never had anything to do with this particular type of work with Europe, but when he was in the Army Department, the people at State thought he was extremely able and they found him very easy to deal with and when they were looking and they wanted somebody from the military to serve as Murphy's deputy, the State Department thought that Byroade would be a wonderful fellow for this. I think they proposed him to the military and he came over on a loan. He rapidly attracted a great deal of attention and was picked to go to Brussels by Acheson I take it--Dean Acheson. But at any rate, he was asked to take on in the State Department and what was then constituted as the Bureau of German Affairs, rather different office from the Murphy office. The Murphy office had been set up to

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prepare for the assumption of responsibility and it was also, in a way, a forerunner of the reorganization of the State Department which took place in the fall of that year when the geographic bureau system was created, in which the geographic bureaus were made responsible for dealing with all aspects of our relations with particular foreign countries.

That responsibility had been divided functionally before between economic and political matters and I guess others, and there was in train, at the time, a study of the organization of the Department which resulted in a major reshuffling of functions and the establishment of the

administrative structure as it exists still today. The theory being that to concentrate in a single place the responsibility for dealing with a particular country, particular international organizations and also dealing with the other parts of the government, depending on whether you are dealing with a country or you're dealing with international organization, that was where the responsibility for their action within the Department lay.

The idea was to simplify and clarify action and responsibilities, and it had—I think it's an interesting and very sound method of organizing your

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foreign relations, conduct of foreign relations, if you proved various other things to make it effective. It's rather interesting. As far as I know no other foreign office of a major country, I'm not familiar with the organization of the Soviet foreign office, but the British, French, German, Japanese, Italian foreign office is organized on a different basis and much more as we were in the State Department prior to the 1949 organization.

The Murphy office was a forerunner of this. They hadn't worked out the theory and the details of how to form the wholesale shift of the Department as a whole, but they were confronted before March with the need to take specific action, or to take over the responsibilities in Germany and Austria. And so in the case of Germany and Austria they did this about six months before, moving into those offices all those people who were in various places who had been dealing with German and Austrian affairs.

MCKINZIE: Was there any internal opposition to that that you recall? Particularly by the people who were going to be the action officers, it would be a good idea?

REINSTEIN: Well, I think probably some of the economic people had feelings about it, they had been used to

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fighting with the political people and I think probably some of them felt they were going to be put under the thumb of the political people who may not have been too happy about it, but certainly in that particular area I can't say what went on, how this worked out with respect to other personnel. We didn't have any particular problem. Of course, in our own case, although I personally did not want to go over, I didn't want to go for various specific reasons. I liked Mr. Murphy, but I know I didn't specifically want to stay on, and I had very good relations with the political people. Personally I didn't want to get involved in this process because my feeling, as I think I explained in an earlier interview, was that if you worked on Germany you wouldn't have any personal life of your own. I was quite right.

I had already gone through this with regard to Italy and a series of meetings and I was constantly in an airplane traveling somewhere in some foreign place and my family is in Washington and that was what I wanted to avoid. But, I did go there initially to set the thing up so that I can

probably say without immodesty of my own personal participation probably had something to do with the attitudes of the other people who came over and who worked for me.

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MCKINZIE: That was through the summer of '49.

REINSTEIN: Well, we began in March and the Murphy office lasted from March 1, until the date on which the constitution of the general republic--basic law I should say--took effect when the Adenauer German Government was created, which was roughly late September I guess. There were elections and then they actually had to convene the Parliament and, of course, Adenauer was elected only by a majority of one, which gave some people a rather erroneous impression that his hold on that office was rather insecure.

It was quite secure, but the people who were dealing with the French Government didn't realize that the German basic law was really quite different. If you like I'll elaborate on that. At some point it has to be part of the picture, but not relevant to the discussion of how the State Department was organized.

Well, during this period of roughly six months, we were initially concerned, first with a variety of problems, we were concerned first with the negotiations in the tripartite meeting in Washington, and then in the Council of Foreign Ministers meeting and more or less along with this we were working on the getting ready to take over the occupation and the organization

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of the American element of the High Commission. There were a number of major administrative problems that had to be worked out.

They had to be worked out as to how we handled our own part of the administration of Germany. First there was a question of whether the American element was to be a single united element. We had three different things that went into it. There were what was to be left of the old Army establishment, the OMGUS, the Office of Military Government U.S., there was the relative small State Department contingent in Germany which was separate from OMGUS and was attached to Murphy in his earlier capacity as political adviser to Clay, and Murphy having had Riddleberger as his deputy, and when Murphy left Riddleberger succeeded him. OMGUS had its own political establishment, and then you had a State Department office there which had independent communications. This is one of the things that we did have in the years which is we had an independent line of communications which we used with some care enough to avoid getting into rows with the Army which after all read our telegram traffic. They did not, I think, read the mail traffic and so that there were ways in which one could communicate back and forth, and there were sometimes an element of confusion in both lines of

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communication, I just didn't go into the row that we had with Berlin over the lifting of the blockade, just before the Paris meeting. If you would like I could insert that.

MCKINZIE: Okay.

REINSTEIN: To illustrate some of the difficulties involved in the relationships at that time. Then the third element in the picture was the ECA mission which was an independent office as well, responsible to Hoffman in Washington and yet to some extent to Harriman in Paris. It must have been after the Paris meeting that we knuckled down to deal with these administrative problems. I think it can't have been before because that would have had it all the way back to May. I think I mentioned before that McCloy was named Military Governor around about June.

In other words, a part of the whole process of making the transition, Clay was transferred and McCloy, who was to be High Commissioner, took over General Clay's functions as Military Governor. They had to appoint someone else as commander of the forces obviously since he was a civilian. But he became the Military Governor and was Military Governor during the final days of the military phase of the occupation. He

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came back to Washington, as I remember, after the Paris meeting and we hammered out the organization of what came to be known as HICOG, the Office of the U.S. High Commissioner in Germany.

One of the important decisions made was that there would be a completely unified administration. They were going to cut the staff back quite considerably, and that involved phasing out and planning down a quite large number of--cutting out the OMGUS employees, and merging, putting the rest of them into a new organization and this organization was redesigned. We had to keep some parts of the old organization.

Well, some of them fitted in quite naturally because we took over into the new organization of the High Commission various existing organizations, military combined organization of military government for the purpose of exercising our controls over these German authorities. For instance the thing called the Allied Bank Commission and also the Allied Travel Office, the whole such staff of organizations which had been originally bipartite, and which had relations with the French zone and which there now had to be merged with the French.

As a matter of fact, a great deal of time during the ensuing months are involved in what you did with

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these organizations, the joint export-import agency, which was a bizonal agency which actually conducted German foreign trade, which nominally was a kind of safe trading organization, which at least nominally conducted German foreign trade and which had to be liquidated, which had a

counterpart in the French zone. There were vast numbers of these problems which had to be dealt with and took up our time as we took over the administration.

Well, I hope we've hit the right spot. The problem was how did you, you know, organize and integrate the handling of the Marshall plan into the rest of the organization? I think it's useful to go back to the military government phase to see that we had two roles in that and that was illustrated by the bilateral agreements which was required of every Marshall plan aid recipient.

When the European Recovery Program legislation was adopted it required that there be a framework for expansion of aid and we made agreements with each of the recipient countries. All of these things were basically worked out in bilateral negotiations in Washington, and they involved agreement on some general principles and also provided basis for our continuing relationship. A lot of what was included in the

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bilateral agreements were rather general economic policy.

Now, then in each of these countries we had a mission which would work with the Government in the working application of the program. I don't know whether it was at this stage that I mention the fact that these missions were separate from our Embassy. Perhaps that part wasn't on the tape. And we had a separate mission in Germany.

Now, the recipients of Marshall Aid assistance in Germany were the military governments in the Western zone, so that the United States had agreements with each of the Military Governors. For instance, in each of the Western zones. There was an agreement between the United States Government and the United States military government in Germany, and one with the U.K. military government in Germany, and the bilateral agreement between the U.S. Government and the U.S. military government was signed by Clay and Murphy. So, Clay signed for the military government and Murphy signed for the U.S. Government, so that you had both functions.

Now, when with the establishment of a German government, the military government functions had to be passed on to the German Government and this was done a

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little bit later in 1949 and was something I participated in and I think that I had better describe. But then the mission activity had to be fitted in or related to the rest of the U.S. establishment.

Well, while in other countries the American establishment consisted of having a diplomatic mission, the American establishment in Germany had far larger and different roles than that. It retained under the Charter of the Allied High Commission very important functions in relation to the German economy, because we had retained powers over foreign trade and foreign exchange and the various Allied laws under which we exerted control over German finances, German taxation to some extent, and various other things, and there were part of the--at least of the initial

tasks, or the residual tasks of--they were partly the task of the Allied High Commission and there were a lot of residual tasks of military government, because the Allies had passed laws they had done all sorts of things which were--responsibility for which was transferred to the High Commission and the High Commission under the very general guidelines of the occupational statute had to sort out with a German government which was just in the process of being set up.

So, both Mr. McCloy and the State Department,

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perhaps the State Department is too large a statement, but at any rate the development part of the State Department, was with the Austrian-German office took the position that it would be absolutely insane to divide the Marshall plan functions from the administrations of Germany otherwise insofar as the Allies were concerned and there should be an integrated American economic organization. And this involved a certain amount of bureaucratic hassling in Washington, but we finally emerged with a solution under which Mr. McCloy was made the special representative of the ECA for Germany, so that he was the top man. Then you had underneath him the head of the Economic Division in HICOG was to be--economic and financial division. He was to be designated by ECA, I guess, with the agreement of the State Department and he was to exercise the functions both of the ECA and of the Department of State.

This was one of the things that we worked out during this interim period and worked out a lot of others. The headquarters of the American element was moved in that period also from Berlin to Frankfurt. We had stayed all during the blockade in Berlin which was where the Allied Control Council had its headquarters. But at that stage we moved back into the American zone

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in Frankfurt where the headquarters remained until that was really a little bit later discovered to be much too remote from Bonn, and it was moved to Bonn somewhat later.

MCKINZIE: But this you would consider to be the major administrative problem of the summer of 1949--coming up with some sort of a setup in which those functions could be consolidated?

REINSTEIN: Yes, the organization of the--well, we were organizing I guess so, it must have been our organizational work done in Washington. We had to take over as well the handling of the appropriations which were then--the change at some stage from GARIOA I guess to something called GOAG, Government of Austria and Germany, I can't remember. I have a feeling that maybe they separated the Japanese administration into something else.

They certainly changed the name of the appropriation act, but responsibility for it was shifted from the Army to the State Department, there were a number of organizational arrangements which were made during the course of that summer to enable us to take over the responsibility when the Federal Government was established. One of the understandings

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which was reached also between--oh, one minor point which I left out was that after Byroad was designated as director. He asked me to stay on in the new German bureau, which I started to say, at that point was related to the reorganization of the State Department more generally in the establishment of the geographic bureaus. There had been a series of offices headed up by, I think, somebody who was called a political adviser. I don't think they had assistant secretaries until the bureau was set up, at that point they created the assistant secretaries for the geographic areas, I think. Maybe it was somewhat earlier. But at any rate, when the bureau system was created each bureau was headed by an Assistant Secretary and the German administration was created as a bureau, co-equal with Europe, Asia, Near East and Africa, and Latin America, it was a fifth continent so to speak, fifth almost hemisphere. Well, in size and significance it was certainly the equal of any of the bureaus, and as a matter of fact, the appropriation in the trust was very large in relationship to the total State Department appropriation in those days. We set up as a bureau, we had something like I think a hundred and twenty people, which was quite large by State Department standards. And the budget, exclusive of the aid aspect was

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something like thirty million dollars, or more than thirty million, thirty-three or thirty-five maybe, which were again, by the standards of those days extremely large.

At any rate, when the bureau was established Byroade became the director, and he asked me to--retaining his rank as a colonel in the Army which he continued until he left the German job and was made Assistant Secretary for Near East and African Affairs when the Foreign Relations Committee told them he either had to decide whether to be a military officer or a diplomatic officer and he could be one or the other, but he couldn't be both. He couldn't retain his colonel's rank, and he eventually decided to resign from the Army and become a Foreign Service officer.

Well, that was somewhat later. During all the time that he was minding the German bureau he continued to hold his rank as colonel in the Army. At any rate, he asked me to stay on and I agreed to stay and embarked on a long period of some--well, it was 1958 before I finally left this, so it was practically nine years of--although my responsibilities became somewhat broader somewhat later, but I spent nearly nine years in the German bureau and the German office.

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Twelfth Oral History Interview with Jacques Reinstein, July 27, 1977, in Washington, D.C. by James R. Fuchs, Harry S. Truman Library.

FUCHS: Well, I guess you'd like to take up the story where you left off with Professor McKinzie, in 1949. I was wondering, were you spending a lot of time in Germany, or were you back and forth?

REINSTEIN: I think I was about to explain to Professor McKinzie that (in looking at the previous interview) there had been great difficulty between the State Department and the Army and with the U.S. military government in Germany, because of difficulties of communications, difficulty of concept of administration; also that the people in Germany really acted in a very independent way. I remember somebody saying once that the most difficult, the most uncooperative government in the Marshall plan, was U.S. Military Government in Germany. And when we come to this next episode I will give you an illustration of that which is extremely interesting. It illustrates the independent way in which the military operated.

Now, there was a real difference of outlook with respect to many things, between the State Department and some of the elements in the military government, particularly the political people there, who--with all

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due respect to the people like Dick McKinzie and political scientists, and academicians--knew about the theory, but they had no experience in government; and they've tended to be rather high handed and arbitrary, so there were great clashes between them and the State Department. They acted extremely independently in the development, for instance, of the German basic law and the kind of guidance that they gave the Germans as to what the U.S. viewpoint was. They never bothered to come back and consult with the United States Government and find out whether they were representing the U.S. viewpoint. As a matter of fact this is not confined to the U.S. Military Government in Germany; we had things like--well, I won't mention that because some of the people are still living.

Well, what I was saying was that there had been these difficulties of outlook in which the people in Germany just acted quite independently; didn't seek guidance from Washington. They thought they knew what was needed and so they acted, in fact going on their academic background, or their personal ideas, and not bothering to consult the United States Government. Now they were protected in this position by the Army Department, in which they generally supported Clay, and Clay's staff, against Washington, against the State

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Department.

I must say I have not read Clay's book about which references have been made in conferences I've gone to. I think I told you I had been to two conferences on occupation policy in Germany. One was at the Marshall Library in the spring of last year; that was on Germany and Austria.

Then, more recently, there was I think a very good conference, as far as program, here at the Smithsonian. This was the third of a series, the first one having been on Japan which was done by the MacArthur Library in Norfolk. The second one was done at the Marshall Library, and the third was done in late May of this year, at the Smithsonian with the help of the Archives and some of your colleagues there.

I must say, at the time when all of this was happening, it struck me that it was going to be extremely difficult for historians to come up with an accurate picture, because of the way in which affairs were conducted. Going back to those post-World War I periods, in substance they messed a lot of things up, a certain amount of which laid the basis for the Second World War. They did some things that were very good, but they made a lot of mistakes. But the negotiations were largely conducted at highly organized meetings of

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which there are very good records. The records of the post-World War II period are, in the first place, much more voluminous. Second, the real truth of what happened is buried away in the masses of documents which are not indexed or easily accessible except for the work which [the National] Archives has been doing on them. I haven't gone down and looked at any of those papers in the Archives, but have talked with, for example, some of the German scholars who have come over here and have interviewed me.

Incidentally, I promised that I would lend you, if you are interested, the interview I have with one German scholar. I have recorded it on certain aspects of the development of reparations, U.S. reparations policy. They're part of the background of the Truman era; to look at the Truman period, you have to understand what decisions, things, were done while Mr. Roosevelt was still alive, and the situation which Mr. Truman inherited, which in many respects couldn't be changed. So, the errors made by the Roosevelt administration were not correctable by Truman because they were set in concrete in many cases.

As I say, we did have this very good meeting that went on for two days at the Smithsonian and eventually will also be in book form. However, I suspect that it

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will come out much more rapidly than the Marshall Library endeavor, because a lot more preparatory work went into it. I think it was done by--I can't think of his name--a fellow in the Archives who worked on the presidential files. He worked with Forest Pogue in setting that up, and it was extremely well done. I must say for instance--and this is the kind of useful thing to put on the record, because for anybody who is sort of looking at this kind of stuff for background--they worked us hard.

We started off at something like 9 in the morning and we went until about 9 or 9:30 in the evening. I presided over the discussion of economic policy; it was done on a Friday night. The conference was Friday and Saturday. We had 150 people there after dinner, and I finally had to cut the discussion off at something like a quarter to 10 because I had the impression that they would have carried on--we were in a question and answer period--and they would have carried on for another hour. But, you know, people were getting tired and I just sort of cut it off.

But there is a very genuine interest, I think, that now exists in getting at the truth. There are still plenty of people around who have got their minds set and they've got certain fixed assumptions about

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things that created a bias of an extremely unfortunate kind, I think. I wonder sometimes whether it will ever be corrected because so many people who studied under the people who were biased, and did their graduate work under revisionists who have their minds absolutely set on certain concepts, have gone on to teach further.

There is a certain amount of mythology that has crept in, and it particularly involves the Truman period. It particularly affects the Truman period and the establishment of NATO, the Marshall plan, the whole series, well, the beginning with almost 1946, of the cold war. There has been a misinterpretation of what happened, what the true situation was; and that misinterpretation has been embodied into American academic thinking, I gather. It is being diffused to future generations of Americans who completely misinterpret what the role of the United States was, what (the true) American motives were. Which leads them to a misunderstanding of the history of this country and its greatness. Now this is, to me, a very distressing thing. I don't think this is inappropriate to put on tape, because it fits into what we are generally trying to get at here, which is the truth.

At the Lexington meeting last year, at the Marshall Library, one of the presentations made,

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utilizing material readily available to anybody (and I'm not going to identify the person who did it, because this is not personal; this is merely illustrative of the problem), was a very revisionist paper. Averell Harriman was one of the participants in the meeting. He arrived a little too late to hear this, but at the final lunch of that meeting, he made some remarks of a general character on the whole misinterpretation of American motivations and American action in that period, of an absolutely splendid character. I don't know whether that was recorded or not. If it wasn't it was unfortunate because it was extremely well done, and it's the kind of thing that I would say but I couldn't say as well as Harriman.

FUCHS: I believe Dick touched on this, that a lot of people felt that our motives were somewhat less than altruistic in that we were trying to advance our economic position.

REINSTEIN: Well, in the first place they start off by blaming the cold war on us instead of the Russians. Second, they look on the Marshall plan either as a--there are two misinterpretations of the Marshall plan. One is that it was an effort by the United States to dominate Europe economically, and the other was that it

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was just a front for doing something for Germany--neither of which is correct. As far as the cold war is concerned, I saw it as having been through that period as a participant.

Now the kind of thing that you will not find in the records, for example, except a record like this--and I eventually hope to write a book on this subject--is that when I was working at the Council of Foreign Ministers in 1946 I received oral instructions from James Clement Dunn, who was Mr. Byrnes' deputy at the outset of our work, that I was not to concert with the British and the French against the Soviets. Now those instructions were oral; they were given to me by him. They are not on any piece of paper, anywhere. That's one of the values of this oral history because it does give you some kind of a record, but I would like some time to get that record diffused a little more broadly. This is why I would like to write a book sometime to supplement some of those things that Acheson and Bohlen have written.

FUCHS: You didn't generally convert these oral instructions into a diary or some sort of written record?

REINSTEIN: No, I'm sorry to say. Well, in the first place, the volume of work that I had to carry was such that I

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didn't. At that particular time--particularly when we got to Paris in '46--I was the U.S. representative of the Economic Committee for Italy, and the Economic Committee for the Balkan treaties. I was U.S. representative on the Italian Reparations Commission. I was U.S. representative on the Port of Trieste Committee, on which my opposite number in London was Arnold Toynbee, by the way, who knew absolutely nothing about the subject--a likeable man--but he knew nothing about the subject. And I think there was one other committee which I had. I had to go to all those committees. When anything from one of those committees went to the deputies I had to be at the deputies' meeting; if they went to the ministers, I had to be at the ministers' meeting. So, I was running around like that; and I had a very small staff. I finally managed to build up enough of a staff--particularly by the time we reached the peace conference--so that we were able to cope with the work. Since we didn't make any great progress there, except an occasional spurt, that was alright. In Paris I also handled our relations with the press on economic matters, so that I didn't have time to keep a diary on it.

FUCHS: Now this is common nowadays; there's few that do.

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REINSTEIN: No, I wish that I had. What I do have--and I don't know what to do about them--is all my letters to my wife. I came onto those, among other things, a few weeks ago when I was looking for something else. In those letters there is mixed in with all the personal matters--I don't know how often I wrote her, but certainly once a week--a kind of week by week account of the developments. If I ever get those sorted out, and put them in chronological order, I could read them onto a tape. This could constitute a form of diary, and that might be worth doing.

FUCHS: I suppose your letters you consider personal and you'd rather not donate them? We often find that in personal letters there are a good many matters mentioned relating to State matters.

REINSTEIN: As a matter of fact, while you are here--not today, not necessarily today, but maybe after lunch or something like that--let me see if I can lay my hands on them. I was actually looking for my high school year book, which I thought was in a particular place, and I didn't find that but I came onto these letters and they are not at the present time in any chronological order; they're just in boxes. But none

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of our correspondence has been destroyed. As a matter of fact, none of the papers we've ever had all of our married life has been destroyed. [We still have] our bank statements going back to the time we got married. It is very useful for the purposes of wills and things like that, but also for tax purposes, mainly tax purposes; thank heaven we haven't destroyed them.

I said there had been this really great difficulty, which I explained in the last interview with McKinzie; but I think I dwelt more on the problem of relationships with the Army protected the U.S. Military Government [in Germany] against interference by the State Department. Now, part of this was just protecting your own people against outsiders. I mean, you know it's a different department. Part of it also, as I explained to McKinzie, stems from what seemed to me to be different concepts as to what the relationship should be between someone in the field and headquarters. The military concept is a quite different one than the kind of concept which the State Department has, and which it had at the time. And, I might say, it has become greatly accentuated under certain Secretaries of State since that time; and you'd probably have no difficulty figuring out which one I mean.

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When the decision was made that the State Department would take over the running of the occupation [in Germany] then the whole situation changed. We dealt with this in the last interview, but let me go back and completely, for your benefit as a starting point, review the two ways in which it changed.

FUCHS: Now this was in '49?

REINSTEIN: This would be in '49. The first way it changed was that the three military governments in the Western zones were carrying on very detailed negotiations to try and establish a relationship between them and what was to originally have been a German administration, not a government, the kind of concept that went back to the very early days of our discussions with the Soviets and the quadripartite understandings, which were never honored by the Soviets, generally.

Let's make that clear, too, that the original understandings were that as soon as we could there would be established in Germany, under quadripartite control, a German administration. It would not be elected--it would not be a government--but the Germans would run governmental functions under Allied supervision. I've not had occasion to consult the

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documents, but my recollection of some of these things is quite good. I think it was pre-Potsdam actually. I think it came out of the work of the European Advisory Commission. At any rate, the basic work probably was done in the European Advisory Commission, and then more or less ratified in the heads of government agreements.

The concept was that there would be an administration for all of Germany which would head up to roughly what the Germans call Secretary of State level now. The Secretary of State is the number two man in the German ministry. He is chosen by the Minister. In other words, he's chosen by the government, or by whom has been approved by the government. He has to be approved by whoever has final power, and that would be, under a parliamentary system, the government responsible to an elective power. The concept was that the final authority in Germany, the supreme authority, ended in the four occupying powers, and that the administration would therefore be responsible to them initially until such time that there were elections and a governmental organization was created. This concept of a German administration was in our minds, I think, when we began thinking about setting up something in the Western zones.

Has there been an interview with Ambassador Edwin

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Martin?

FUCHS: I believe they did one for the special foreign aid project.

REINSTEIN: Well, if there isn't one, Martin ought to be interviewed, if there is...

FUCHS: I think Dick did it.

REINSTEIN: Martin is in town, he lives here in Washington and he is here this summer. Now, Martin worked on it after the London conference, the abortive London conference of 1947, when we had a complete, really, breakdown of the negotiations on Germany. It really happened in Moscow in the late winter and early spring of 1947. But the four powers sort of shrank from admitting this, although I must say the Russians put an end to the conference in an extremely brutal fashion. You know, we found out when it was over by arriving at the door of the building where we were having our meetings in Moscow, and seeing motion picture cameras set up. So, we figured that that was the end of the conference. We drew our own conclusions from the existence of those cameras, and that was correct. We were told we could go home, by the Soviets.

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FUCHS: They were filming what?

REINSTEIN: They were filming the arrival of the various delegations for their newsreels.

FUCHS: For their newsreel?

REINSTEIN: That's right. They had decided to cut the conference off, so this was for their newsreels and to go into the movies and be distributed all around the Soviet empire, including Eastern Europe, and with appropriate commentary; and so, yes, they had a scenario bringing this thing to an end. We arrived to find ourselves actors in this scenario. They put the blame for this stuff on us. You have to have lived through this, and sat there, and listened to all of these dialogues, this discussion--it wasn't a dialogue. Dialogue involves people talking about the same thing, not making propaganda speeches. But one that is really seriously interested in it should go back and read what was in the Soviet press at the time, the kind of thing they said, you know, an account. An account of a meeting of this kind--I can remember one of them, a Soviet press release at an earlier stage in the peace treaty negotiations, maybe it was even the '49 meeting (in Paris). I think maybe it was the '49 meeting that

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this dealt with. It said, "Mr. Bevin made a long, lying propagandistic attack on the Soviet Union." None of Mr. Bevin's words were actually recorded you know. "Then Mr. Molotov replied as follows." Then followed the full text of Mr. Molotov's statement, you see.

Well, this is the kind of stuff that the Soviets were handing out to their people. They were putting it in shorter form on their broadcasts, but it's all there for anybody who wants to take the trouble. You have to be able to read Russian, but anybody who reads Russian can go back--as a matter of fact, you don't have to be able to read Russian, because after all this is all monitored, particularly the radio part was monitored by the FBIS, I think the organization was called. You know, we'd get all this stuff reported back to us daily, as to what the Soviets were beaming to different parts of the world, and it was always being recorded by us. It was all a matter of public record.

Now, I'm saying that after the decision was made to proceed to setting something up in the Western zones, I think we were still a little bit influenced by one quadripartite argument, our quadripartite argument. I started to say, even though the Moscow conference ended in a clear breakdown, I think all the four powers shrank from making that absolutely definitive. I mean

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even the Soviets, you know, they didn't want to have a complete rupture on our part. So they agreed to have another meeting in London late in the year and we actually had a meeting in

November and December. At that one, General Marshall who had sat through that ghastly meeting in Moscow for six weeks, I think it was...

FUCHS: This was '48?

REINSTEIN: '47.

FUCHS: Marshall was...

REINSTEIN: Yes, Marshall. I'm going back and sort of preparing the background for the thinking which led to what we came up with in '49. Well, Marshall wanted to find out whether there was any really basic change in the Soviet position and we discovered there wasn't. He put an end to that meeting because it was useless to, you know, sit around and just repeat the same thing over and over again. At that stage they then set up a working group which met in London. There was a conference in London, in '48, at which they began to hammer out, between the British, the French and ourselves--and they associated the Benelux countries with this discussion--in which they began the first

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layout of what was to be done on the Western zones.

FUCHS: Was this November '48?

REINSTEIN: No, this was in the late winter and early spring of '48. This laid out, really the talk of the military governors in working out arrangements for the Germans to set up what eventually turned out to be a government, the Federal Republic of Germany. At what point they actually decided that there would be a government, I'm not sure; it may have been quite early. I suspect there was probably some hesitation on the part of the French. I think that the Germans wanted it, I don't know. The Germans themselves were often reluctant partners to some of these things. They insisted, when writing their Basic Law what is called the Grundgesetz, on calling it the "Basic Law"--they didn't call it a constitution--wanting to give it a very provisional character because they did not want to create an obstacle to the reunifications of Germany. In fact, now we have two separate governments fully established, recognized, both sitting in the U.N., but the Germans at the time shrank away from doing anything which would prejudice the ultimate reunification of Germany.

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FUCHS: Everything was considered provisional.

REINSTEIN: Provisional. In fact I must say as time went on their interest in reunification seemed to me to wane, but that comes a little bit later in the story. But I think you might make a note of that about the differences in attitude, meaning the developing differences in attitude

between say the United States and the Germans themselves on the subject of German reunification, and we might talk about that a little bit later in our interview if we have time.

FUCHS: This was prior to the blockade wasn't this?

REINSTEIN: No, this was after the blockade. No, let me see. No...

FUCHS: I was thinking the blockade began in '48.

REINSTEIN: Well, the fact that we were proceeding with the organization of the Western zones was what I think stimulated the Soviets into establishing the blockade, because it became clear to them, first, that we were--I guess they knew from their intelligence that we were meeting--meeting to discuss the establishment of a separate regime in West Germany. You know, something like that can't be kept secret.

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Second, it was manifested, I think quite clearly, in our direct relations with the Soviets in practical terms in our withdrawal from discussion of the currency reform. Now, after the 1947 foreign ministers' meeting, the foreign ministers made two completely inconsistent decisions. One was to proceed with the setting up of some kind of regime or administration in Western Germany, and the second was to make another attempt to agree with the Soviets on currency reform for a unified German currency. A separate administration implied a separate currency, because otherwise the Soviets could, through financial means, ignore any policy that you might have in Western Germany. You had to have a separate currency. And, finally, I guess the people involved realized this and we began to cool off the currency reform negotiations and eventually proceeded to do it ourselves in the Western zones. I think, probably, the Soviets realized that we were going to set up a regime, about which they had been warned repeatedly; if they didn't cooperate we would be forced to do this. We couldn't tolerate the situation as it then existed which was politically impossible and economically an extraordinary drain on the United States and Britain. I mean we were feeding the Germans, and you must remember that the British

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economic situation was a very difficult one; also in the United States you cannot operate the U.S. Government without the consent of Congress which has to provide the money.

FUCHS: So these were tripartite decisions at this time. The French and the British and the U.S. in on all of this?

REINSTEIN: These were tripartite decisions, and then there was a tripartite conference with the Benelux participating, which resulted, as I recall, in instructions to the military governments.

Now, the military governors then tried to work out, and they did eventually work out [a basic law] with the Germans. The Germans themselves had an elected kind of assembly that wrote the Basic Law, but they received a good deal of guidance from the Allies as to what would be acceptable. For example, the Basic Law reflects a much higher degree of decentralization than I think the Germans would have written into the law had they been left to their own devices. They were provisions which turned out to be very embarrassing later. For instance, the Allies forced on the Germans provisions which were designed to prevent German rearmament. They deliberately tried to make the

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central government somewhat weak, as in the requirement for the division of revenues between the federal government and the Lander governments. One of the motives for putting that in there--that concept was pushed on them, I think by the Allies, the three Western powers--was that this would prevent a sudden major increase in German revenues for purposes of rearmament, because automatically a large amount of any additional money that you raised had to go to the state governments, because there was a fixed division between them. Eventually when they became part of NATO and we wanted the Germans to create a military force, this thing became something of an obstacle. You know when you look at what the motivations were, this is part of the misinterpretation of the period. We didn't really want the rearmament. We didn't want to get the Germans rearmed. We didn't trust them that much, and, second, that could be a barrier to negotiate a settlement with the Soviets.

FUCHS: This revenue sharing that we imposed upon them--was it written into the basic law?

REINSTEIN: It's written into the Basic Law, and my understanding is that it was put in there really at Allied insistence. But you see it would have been

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American; the reason for the American influence being so great is that of the three Western powers, only the United States had a federal system. So the Americans, particularly the political scientists, who were doing this in Germany, being highly familiar with the American system, had the know-how about where to put pressure on the Germans to incorporate things which would protect Allied interests. I'm sure that the Americans were behind this particular provision in the constitution.

I forgot what they called it; it wasn't a constituent assembly, but it met in Frankfurt and developed the Basic Law. Since those people were local politicians from the various German states, in the Western zone, a number of them would be interested in this kind of thing because it would protect the kind of interest that they were after all elected to protect. So it didn't go down, maybe, too hard with them at the time, because I don't think the Germans were particularly thinking about rearmament. I mean they just had the pants licked off of them and their cities destroyed, a couple of years before that, and I think their appetite for getting into trouble again was rather limited. Although, obviously, it never disappeared in the minds of some people.

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Well, as I say, we eventually wound up with a law which the Germans drafted under Allied guidance. Now, a great difficulty, however, arose in military government about the relationship between that government and the occupying powers after the signature of the NATO treaty in 1949.

FUCHS: Yes, in April.

REINSTEIN: There was a three power foreign ministers' meeting here in Washington at which they discussed this subject. They had two main problems, as I recall it. One was the development of a document which would establish what our relationship with the Germans was to be. The military governors had drawn up an extremely long, detailed, complicated document and there were vast unresolved disagreements on that document among the military governors.

The second thing they had to do was to organize relations among the three powers, as to how they worked out and arrived at decisions in exercising whatever rights they had that they reserved to themselves in the document with the Germans.

Well, the documents served up by the military government people--this was three-power, three military governments--didn't resolve either of those. There

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were major disagreements with respect to the first documents, relations with the Germans, what became known eventually as the Occupation Statute.

As I said earlier in the interview, Schuman, who was then the French foreign minister, said, "This is all much, much too complicated and we'll never settle this with a document this complex." And they completely rewrote the Occupation Statute; reduced it from something like 80 articles to a very short document, and agreed on it. They also agreed, as I recall, on the charter for the Allied High Commission. Those documents were wrapped up there before they went on to the June meeting with the Soviets in Paris.

FUCHS: Well, who were our architects of this shorter document?

REINSTEIN: Well, let's see. The basic inspiration for the Occupation Statute?

FUCHS: Yes.

REINSTEIN: The basic inspiration came from I would say, the French; actually from Schuman. The participants in those meetings--one was Jacob Beam, I know; he was then head of the Central European Division. I was on the periphery of the thing and I must say my recollection

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of that is that I wasn't in on the main negotiations. Oh, I guess I attended some of the meetings, but I don't remember. I brought up my pocket diary from 1950 on, but it doesn't include '49.

FUCHS: Well, I just wondered who it was.

REINSTEIN: Well, there are records. And those records are not public property, aren't they? Or are they? No? How far up do they go in those Foreign Relations¹ volumes?

FUCHS: I think fifty-something.

REINSTEIN: I think they are probably all in the public domain now; I'm pretty sure--the records of that. No, only the American records, because we can't release the records of our discussions with the British and the French without their agreement, of course; so they are only partially in the public domain. I don't think the British and the French have gone as far as we have in releasing documents.

FUCHS: I doubt if the British have.

REINSTEIN: No, they keep a longer string on their releases

¹U.S. Department of State, Foreign Relations of the United States

(Washington, D.C., Government Printing Office).

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than we do. We have been, I gather, extremely liberal in the administration of these documents. I would say, from what I get second hand from people who are working with the documents, that they have really been excellent. So for those seriously interested in this there's no difficulty at all in getting at the American side at any rate.

Now, who were the people involved? Beam, certainly. Whether Riddleberger came back from Germany, that I don't know. I don't know how good his recollection is. He must have been interviewed.

FUCHS: Yes, he has been interviewed.

REINSTEIN: One of the problems with these interviews--and I realize the limitations on your finances and manpower--is that when you pick out a particular thread, for instance like this business about Marvin having been at the London conference [do you have] ability to go back to somebody you've interviewed before and fill in, if he remembers. Incidentally, I will say this,

that Martin's memory is extremely good. He has a capacity for detail along this line. I work with him now; we're still working together.

FUCHS: I think he's been interviewed.

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REINSTEIN: Well, getting back to the basic changes. As I say, there were two basic changes which occurred in our handling of the whole administration of Germany. One was that it got to the level of being negotiated by the foreign ministers in this fashion, foreign ministers concerning themselves with some details of our relations with the Germans, and also how the Allies would conduct their relations among themselves through the Allied Commission. Second, the negotiation then came into diplomatic channels, and the negotiating being done by the military governors was stopped. The fact of the matter is that while the military governors had been fooling around with this for some period of time, they had gotten a very complicated set of disagreements. Once it was taken over by the foreign ministers, with the help of their staffs, they put together an agreement rather rapidly--at the tripartite meeting in Washington. I can't remember how long it lasted, but it couldn't have been more than a few days. Foreign ministers don't have time to hang around, carrying on negotiations at great length, nor do they have the appetite for doing it.

FUCHS: Of course, there had been a great deal of spade work done prior to there.

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REINSTEIN: Well, in the case of the occupation statute they threw the document out. For the Charter of the High Commission I think they used the basic draft which had been prepared by military governors' staffs and settled whatever disagreements there were to set it up. Basically, the major problem that we had was what happened if the High Commissioners didn't agree; and we had some experience in the bizonal agreement for resolution of difficulties with the British. That had served to some extent as a model in dealing with the problem of getting the Charter of the High Commission. On matters of importance, if you have disagreement between national governments, there's only one way you can resolve them and that's at something like the foreign ministers' level. So, once you recognize that, the documents would be much simpler. But in the case of the Occupation Statute, they simply threw away most of the one served up by the military governors and wrote a new document.

At any rate this was the first step toward at least bringing civilian authorities from all three governments into control of the administration of the Western zones.

FUCHS: Well, now, by what authority could the State

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Department take over the writing of the Occupation Statutes? In other words, disapprove of that. Whom did they have to refer to?

REINSTEIN: Well, they didn't have to refer to anybody, just the President if they must consult.

I have been discussing with you, what I thought were the two basic changes in our relationship with the German administration.

While we were taking a break I picked up Mr. Acheson's book, which I had been looking at last night, assistance in looking at documents and refreshing his recollections, whereas, I'm doing this off the top of my head. But let me just refer to page 286 of Mr. Acheson's book where he talks about the tripartite agreement on Germany:

The formal signing of the North Atlantic Treaty made possible quiet meetings with Bevin and Schuman to begin meetings with Bevin and Schuman to begin another equally far-fetching move in Europe. Even before Stalin's answers to Kingsbury Smith's question, developments...

This is the Kingsbury Smith interview, which was what indicated the Soviet willingness, I guess, to have a meeting with us to try to do something to lift the blockade--this was a possibility on negotiations.

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FUCHS: I'm not familiar with this interview. Did you discuss that in one of the earlier transcripts?

REINSTEIN: Oh, no, I'm simply identifying it. I think anyone who is knowledgeable about this will know what is meant. I'm trying to remember Kingsbury Smith.

FUCHS: Well, it's no bother. I'm sure that a scholar in the area would know.

REINSTEIN: You see, what happened, there were two things going on simultaneously. We had the blockade going on and we were making arrangements to set up an administration of Western Germany. We had the airlift going. The airlift sort of countered the blockade, to the extent that the Soviets had not been successful in chopping off our connection with Berlin, and so they finally decided to give us a signal that they were prepared to talk. I think that the Kingsbury Smith interview with Stalin was a signal which gave rise to the quiet negotiations which were going on about the same time that all this was taking place.

Well, not only had the airlift enabled us to maintain our position in Berlin, but the series of events

--the Czech takeover and the blockade--led, in effect, to the alarm that led to the signing of the

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North Atlantic Treaty. So the Soviets found that they hadn't gotten anywhere with this blockade. All they got done was to consolidate our position in Western Europe, and chop off Berlin. So, obviously, maintaining the blockade was a costly exercise, but we'd showed them that we could; we weren't going to be pushed around. As a matter of fact, they not only were not going to push us around, but they pushed us into a position where the United States, in effect, gave a commitment of a kind, which is discussed in Mr. Acheson's book, to defend Western Europe against the Soviets. So the Soviets would up worse off than they were before by reason of having the blockade. At any rate, they gave the signal and that gave rise to these very secret negotiations which were going on I guess as early as, oh, about April or May 1949, somewhere around there, in New York. These were conducted between Phil Jessup and Jacob Malik, who was with the U.N. delegation and just recently retired, I think. I can't remember whether he died or retired. Well, he was one of the old hardliners.

These discussions went on between these two fellows and then the Americans would consult with the British and the French. Then we worked out this agreement on the lifting of the blockade, and agreed to

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have the foreign ministers meeting in Paris, which was the Palais Rose meeting. There were two Palais Rose meetings. There was one which had to do with the conditions under which you might have a foreign ministers' meeting; and that was an abortive meeting. It didn't come to any success. That was conducted on our part by Phil Jessup, but this was the Palais Rose meeting of June of 1949, which was the foreign ministers.

FUCHS: That's the one you have the picture of.

REINSTEIN: That's the one. Yes, I have a photograph of the U.S. delegation.

Anyhow, Acheson then says:

Even before Stalin's answers to the questions [which I think led to the Palais Rose meeting, and the lifting of the blockade], developments in Germany had made a meeting of the Western occupying powers a necessity. The imminent possibility of the foreign ministers' meetings lent urgency to it. Our view in the Department was that the purpose of the Russian move was to stop or delay formation of a West German government, either as a condition to lifting the blockade or by dividing the Western powers on the subject during the council meetings

Now, then, he says exactly what I was saying before. He talks about the meeting in London by experts. I am under the impression that the papers had been prepared in Germany; maybe I'm wrong.

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My first impression on going over the material prepared in London [he says] by British, French and American "experts" in anticipation of the April meetings was one of despair. The papers were long, tremendously complex, and totally incomprehensible. Nearly two hundred questions had been "reserved" for decision by the ministers because of disagreement among the experts.

When I get to 1950 you will see how much the situation changed. [Acheson continues:]

The draft of the Occupation Statute was fifty pages long, almost all of it subject to dissents. The chances of the three ministers even understanding, to say nothing of disentangling, this mess seemed small. The uncharitable conclusion came to me that "experts" were expert because only they understood the makeshift complexities created as the zones began to operate together and rough divisions of function were made between German and occupation administrators. It was literally "unthinkable" to them to discard the whole substance of their expertise. But this had to be done.

Well, I think he's wrong in talking about London, but he's correct in saying that what the military government people were doing was to write down the kind of complicated arrangement they already had. Then he describes:

Two weeks before the April meetings I did it, telling them to take their papers away and start over again. George Kennan had talked with Schuman in Paris and got from him the suggestion that we might find guidance in the simpler arrangements which had been followed in Austria, a liberated, not an enemy country. This had the advantage of being sensible and of being attributable to Schuman. I asked for two papers, neither to exceed two or three pages. The first should

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be an occupation statute dealing with governmental powers to be turned over to German federal and Laender (state) governments to be exercised in accordance with a federal basic law and Laender constitutions that the Germans were drawing up, and with powers reserved to the three occupying nations. The other paper should state how, among themselves the occupying states should exercise their reserved powers.

And then he goes on to say:

My first talks with Bevin and Schuman delighted me by their broad approach to European and German problems.

And then he describes this in much greater detail than I have, in the closing section of that particular section of his book. Now he says:

We had colleagues of high quality. With me were Philip Jessup and Robert Murphy, who had come back from Germany to head our German office.

And he doesn't mention [Jacob] Beam, but Beam was certainly in it, too; and then, as I say, you know once you had the State Department involved, then you could draw on whatever resources there were in the State Department. The head of the political office was Beam. I, at that point, was a special assistant to Willard Thorp, who was the Assistant Secretary for Economic Affairs. While we had people with various parts of the economic shop dealing with Germany, I had gradually become a kind of unofficial coordinator of German economic problems working with Thorp, and I guess at

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that time Nitze was his deputy. Then later Nitze...

FUCHS: Mr. Thorp's deputy?

REINSTEIN: Well, let's see. Nitze was Thorp's deputy at one point earlier. Then he was succeeded by C. Tyler Wood, and by this time I think probably Wood was. Wood really concerned himself with the different area of problems and I was the one who mainly dealt with these German problems.

FUCHS: This was '49 when Acheson got the line-up with Nitze, in Policy Planning.

REINSTEIN: Well, Nitze went on to Policy Planning and Tyler Wood had succeeded him; and Wood was dealing mainly with a different range of problems. Wood and I had adjoining offices in those days. As a matter of fact, we had a joining outside office with secretaries in it, and so I had sort of become overall coordinator for German economic work. Murphy's office was set up on the 1st of March of '49. Then I went to Murphy's office, in charge of German economic affairs. I went there originally on loan from Thorp's office but transferred there when it became the Bureau of German Affairs, as the director of German economic affairs, in September, I think.

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FUCHS: Even though you were, according to your Who's Who, special assistant to Assistant Secretary Thorp, from '46 to '49?

REINSTEIN: Yes, but you see what they wanted to do when they settled with the occupation was to set up the interim office under Murphy to arrange for the transition from military to civilian control. Prior to March 1st, it was agreed that the State Department would take over the Occupation, as I started to explain earlier and didn't, because we had to tidy up those other things.

After the war was over the Army wanted to get out of Europe, pull the boys out as fast as they could. They left a small force in Germany. They left one division and a constabulary to sit on

the Germans. At that point the Army wanted to turn the civil administration of Germany over to the State Department. The State Department didn't want to take it because they didn't have any experience in this field and they didn't have a staff to run it. They wouldn't take it. So the Army was stuck with the job. The Army was kind of reluctant to do this, but they were stuck with the job for four years until we finally made these arrangements. Then they agreed that when the German

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federal government came into existence in the Western zones, the State Department would take over the occupation.

They didn't know, I guess, exactly what date this would happen. They could guess it would maybe be five, six, eight, nine months, something like that, and they set up an office to begin to arrange for the transition, which was staffed partly by State Department and partly by people from the Civil Affairs Division of the Department of the Army. Byroade came as Murphy's deputy. He was actually in the office of the Supervisory Assistant Secretary of the Army, Tracy Voorhees, and not in the Civil Affairs Division. He had been with Marshall in China; Marshall, and later Acheson, thought very highly of him, and rightly so in my view. He was one of an extraordinary group of gifted men in the Army. Byroade had been a brigadier during the war and then he went back to his permanent rank of Colonel. But they were an extraordinarily gifted group of men, some of whom were involved in German affairs. They all got involved in the Marshall plan and Germany and things like that. [Harrison A. (Al)] Gerhardt who was with McCloy. He was with McCloy during the war. He went with McCloy during the war. He went with McCloy to Germany. There was [Colonel

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Charles H. Bonesteel, who later was commander in Korea; and there was Abe [Brigadier General George A.] Lincoln, who worked with Harriman. They were an extraordinarily gifted group of people who played an extremely important role in keeping the U.S. Government rolling and on its way over a period of time. Byroade was a part of that group.

Then you had this transition period, and then at the end of it the State Department took over the whole job. Now, during the interim period, once it had been decided in fact that the State Department was going to do it, then the State Department began making the decisions. Step number one was this series of agreements which were negotiated, where Acheson and Bevin and Schuman simply took hold of the problem, with the assistance of their staffs, and Murphy and Jessup. They had other people who were obviously farther down the line working for them. That was one development.

The other development, as far as we were concerned, was that we also coupled with making the transition in Germany by appointing [John J.] McCloy, who was a designee for the High Commissioner, to become the Military Governor. He was named Military Governor. He was a brilliant Military Governor, replacing Clay somewhere around June [1949].

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FUCHS: What was he called?

REINSTEIN: He was called Military Governor. Now, in Clay's time, Clay was not only Military Governor, but he commanded the troops. That function was divided and so we then had to have a general to command the troops and that post was called USAREUR, U.S. Army Europe, I guess, and it still exists, although of course, it has a subordinate role, now to that of Supreme Allied Commander, Europe. I guess the Supreme Allied Commander in Europe is also the Commander in Chief of U.S. Forces in Europe, but then he has a man who actually exercises these functions for him, and some of our Supreme Commanders have made it a point never to even set foot in the headquarters, which was Heidelberg. I remember [General] Larry Norstad, for example, just wouldn't set foot in there. He had two hats. He was very careful never to wear the U.S. hat, he always wore the international hat. And he left everything to his deputy. Whether others did the same, I don't know. I would imagine that the tradition continued. Oh, he may have intervened from time to time, I guess, probably when they got to the point of redeploying the forces; but this was long past the Truman period and not part of our story.

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Well, so then McCloy began working out with the State Department about how you would convert U.S. Military Government in Germany to the U.S. element of the Allied High Commission, which was called HICOG, High Commission for Germany. He took over but cut back very sharply the civilian staff of military government. He kept some of the military government personnel. They were reinforced by people brought in either from the State Department or from outside. The whole tone of things was changed, in other words.

Apart from one or two people at a technical level, all of the whole top echelon of military government was removed, replaced by a new group of people. As Acheson says in his book, these people had been at this so long; I mean, they couldn't separate themselves from the functions they'd occupied. This was, I must say, a problem we ran into after the State Department took over.

The point I think you were beginning to ask me about was just where I functioned. I began my functions at the State Department under an understanding which had been reached between, I think, Byroade and McCloy, that there would be exchanges, frequent movement of people between Germany and Washington, so as to avoid some of the

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misunderstandings and difficulties that had characterized the period of the Army administration of Germany. I don't know how far they went in doing this, but I became one of the key elements in this. I guess I was probably the principal person involved. I was the first person to be sent to Germany from the State Department staff. I went very soon after the changeover from the military government to the High Commission. I can tell you exactly on what day it was. The

Federal Government came in, in September, and on October 12 I was sent as the first State Department officer to go over to Germany on this kind of exchange idea.

FUCHS: This was '49?

REINSTEIN: '49.

FUCHS: That's my birthday. I'll remember that.

REINSTEIN: You'll remember that. Where were you on that date?

FUCHS: In '49? In the National Archives, working with records.

REINSTEIN: Well, I can tell you that particular day was an extremely hot day.

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FUCHS: How would you remember that?

REINSTEIN: Well, I remember it, and Mr. Truman comes into it. I think probably since you like these informal colorful touches--at least that's what Dick McKinzie told me--let me tell you about October 12, 1949.

As I say, I was bound for Germany and was to fly by military transport, and the duration of my stay was indefinite; but since it was October, I naturally had to start off with warm clothing. That was fall. I was dressed in warm clothes; I was extremely uncomfortable and I remember this very well. I was to take a courier plane which came up from Texas, stopped in Washington, at National Airport, and then went up to a base in Chicopee, Massachusetts. There's a military field there, from where I was to fly on a Navy M.A.T.S. [Military Air Transport Service] plane. You know, with the military, everybody's got to get into the act on this thing. The Army got out of the air business except for having a few spotter planes, I think, and things like that; but I think they were allowed to have a few planes to help out the artillery. They largely had been removed from it. But the Navy and the Marines, they've never been able to dislodge them from the air, and so here the Navy was participating in the

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air transport service to Europe. So I was to fly in a Navy plane.

Well, Indira Gandhi's father, Prime Minister Nehru, came to Washington that day from London and Mr. Truman had thoughtfully sent his airplane, which I think was the old Sacred Cow, to fetch him.

FUCHS: In '49, he probably had the Independence.

REINSTEIN: I think this was Roosevelt's old plane, which was the Sacred Cow--a curious name for a plane to send for the man who was the Prime Minister of India. I guess it never occurred to them when they gave the name. But of course, they called the plane by that name long before anybody thought that India was going to be independent.

Anyhow, Mr. Truman thoughtfully sent his personal plane over to London to bring Prime Minister Nehru in. I discovered that this plane was to land about the time that the courier plane was supposed to take off, so I told my secretary to call up the one that ran these planes and say, "Look, you don't seriously think that you're going to send a plane off when the President's plane is arriving and the President's going to be out there to greet Prime Minister Nehru," because I had been told to be there an hour and a half or two hours

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ahead of time, something like that.

They said, "Oh, yes, we're going off." Of course it didn't go off.

Anyhow, I went out to the airport with my baggage and my family, my three boys. The youngest was, let's see, four years old. And needless to say, the plane didn't go off, and I sat there in a sweltering airport. The temperature was something close to 90--very hot day--and here I was with these warm clothes sitting there absolutely melting on my baggage.

Well, of course, Mr. Nehru was greeted with the customary honors and armed guard and so my wife and the boys went out to watch this. Well, you know, it's required that when you review a guard of honor that you not only walk in front of them, but then go around and walk behind them. I suppose that originated with the desire of the military to make sure the soldiers had their belts buttoned or something like that.

In practice, what happens is that, you know, the officer salutes sharply and then walks along rather solemnly in front, but as soon as you turn the corner then they talk. Truman and Nehru were walking along behind and began chatting, and when they came along, my youngest son waved nicely. Truman and Nehru looked at this cute little kid--he really was a cute looking

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little kid (as a matter of fact I've got pictures of him around about that age); and so they waved back at him and then I think Mr. Truman went over and patted him on the head or something like that. Well, I went over to Germany and I spent some time there. I sat down and I worked and chatted at great length with the people in there. They were in the process of getting themselves organized. I think I explained one of the things that we had worked out with Mr. McCloy, and we had had quite a fight with the ECA, the Economic Cooperation Administration about this, because I have the feeling that it was the Congress that insisted that the aid program be

administered independently of the State Department, although the State Department, of course, had come up with the basic concepts in the Marshall plan.

I don't know, but I suppose I covered the Marshall plan. You do have that in there. I must say since I recorded that interview I have been involved in discussions of the origins of the Marshall plan and some of the points as to how it evolved. If I get around to editing this in the way we discussed, that is by recording comments on tape, I may have some additional thoughts that result from the work I've done since the discussions in seminars and interviews that

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I've had since McKinzie and I talked about this.

Well, as I was saying, the Marshall plan really did fully originate in the State Department, and the State Department conducted the discussion with the Congress, and the discussion with the Europeans on the general concept when Sir Oliver Franks, Herve Alphand and people like that, came over here in the summer of '48.

FUCHS: This was after the appropriation then?

REINSTEIN: No, this was before the Act was passed.

FUCHS: Well, that would have been '47, wouldn't it?

REINSTEIN: Let's see, '47? Yes, '47, that's right. The summer of '47. It was an unforgettable summer for me, because there were two parts of the State Department that were working on this, namely the Policy Planning Staff and the Economic Section. I was working in both places. In the daytime, I was working in the Policy Planning Staff, and then at night we had a committee which reviewed the work done by the technical staff, the economic staff, and I used to sit on that committee. It had a name, but was known informally as the "Board of Directors." As a matter of fact, the idea of these night meetings was one I pushed for and

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had gotten acceptance of.

Well, anyhow, when the Congress passed the authorizing legislation, which was the European Recovery Act, that act sort of laid down a requirement of agreements between the United States Government and the recipient governments of aid, on objectives. And, incidentally, another thing I find in the history of this period when people write about it, they tend to focus on files in the national Archives which came out of the State Department, or any other files that they can find, and they forget that there is a very detailed and open record of the proceedings of the Congress and of the various committees.

The committee sessions weren't as open as they are now; but after all the committees made reports, as did the conference committees. Every important piece of legislation goes to conference. You have a detailed report of the conference committee, and actually when you take the combination of your committee reports and your conference reports, and then the debate on the floor of the houses, a combination of this is the legislative history.

Now, going through that history is not as convenient for historians, not as interesting as digging into files of the Department of State, because

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in the Congress, people are constantly getting up interrupting the proceedings, you have quorum calls, and then you stop the business and go on to something else, and then you come back to it again. Tracing anything through the Congressional Records is a massively difficult job. Whereas, if you go into the State Department files, you find that you have a memorandum written by somebody, passed on by other people. You have a record of a meeting, and so it's kind of neat and it's easy to read. So, the historians have that tendency, I think, and this is just part of the problem of the extremely unfortunate bias regarding the history of the Truman period. The role of the Congress has been, I think, somewhat neglected in looking at the development of American policy. I think this has given rise to a lot of the misunderstanding and misinterpretation.

For instance, what brought this to my mind was the fact that in the legislative history of the European Recovery Act anyone who's familiar with this, and goes back to it, will find that there was a very strong opinion voiced. Now, where it is in the legislative record I don't remember because this is some years ago and I cut off my participation in the Marshall plan at the point where they began discussions for the team

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that came over from Europe. I was in the preparatory work for that. At that point I cut off and I began to focus more on Germany. They had a special team that worked on that, and I got out and didn't get back to it before I went to Germany at this particular point I was describing.

Let me explain that I had in mind, when I retired from the State Department, writing a book, or maybe two books, on my experiences during my diplomatic career. I even played around with titles. I can't call them "Undiplomatic Memories" because William Franklin Sands who taught me American history used that title. I thought of "Footnote to History." I don't know, that's terribly important. But what I was going to say is that when we edit this, that having in mind that there was a revisionist approach and I knew a little bit about it (but not very much), I have carefully abstained from reading any of these books, at least for a long time, because I wanted to record what I remembered without having that memory turn into an argument with somebody.

Now, the difficulty is that, while I formed this intention probably before I retired, and when I really intended to work on it after retirement, I went to work for the Atlantic Council. As a matter of fact, I took

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on a series of volunteer jobs. At one time I was doing three kinds of voluntary work, which turned out to be too much and I had to cut it down to two. In fact, I'd gotten involved in a series of activities which have occupied my attention, my time and energy, pretty fully and I've never gotten around to writing a book. However, I have talked with scholars; Germans more than Americans. Well, I've been on conferences and I've been exposed willy-nilly to the revisionist outlook, even though I still haven't read many of the books, and so I don't have that purity of mind that I tried to preserve.

What I've done is not to read the books, but to go to meetings at which at least some of the main elements of revisionist thing have emerged. And, having been compelled to engage in the discussion of them, this has made me go back and reflect and think in the same way, and in a sense it made me realize that the errors of a revisionist approach need to be sort of flushed out. This is not to say that everything we did was right by any manner of means, that we didn't make mistakes.

I think that the errors in the revisionist approach are errors in judging motivation of the Americans and also, in certain cases, some of the theories. Some of it was a kind of neo-Marxist

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approach. Any Marxist of any kind will believe that there are certain biases, certain tendencies in the capitalistic system, which inevitably leads you in a particular direction.

Now, there are biases in the system which do lead you in particular directions, and some of the directions in which we are going at the present time are open to question. But in point of fact, these questions are far more relevant to the kind of social and economic problems which we have today than they were in, say, Mr. Truman's time, in which the situation was really a wholly different one. So this is the kind of subject that I think I would perhaps like to insert somewhere in the record of this interview about the more direct discussion. I avoided the discussion of the revisionist outlook very deliberately before. I've been exposed to it some and I'm inclined to deal with it to the extent I know of it, at least.

Now, let's see, where were we? Well, what I was talking about, and I guess what stirred my recollection and why I want to take this particular section dealing with the revisionist outlook and move it to somewhere else, is in talking about what the Congress did in the European Recovery Act.

I was discussing the fact that the Congress had

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expressed a strong desire to see a move toward European unification. This came out of the legislative process much more strongly than in the proposals by the administration, which had also favored European unification. The administration was far more sensitive to external opinion than the Congress which represents the American people. After all, the tendency, particularly if the State Department is handling it, is to tread a little lightly on these things and not go in a heavy-handed way and tell other people how to run their business. You sort of encourage them to move in a particular direction but you don't hammer them over the head. At least this had been the State Department approach. I don't say it's necessarily the approach of a particular President of the United States. If anybody has any question as to what President I have in mind, just let him think about it. It won't take him terribly long to figure it out.

Now the Congress on the other hand, does reflect the general view of the American people. The Americans have been involved in two so-called world wars, which were fought at different places around the world, but which were in effect European civil wars. We found our vital interests involved and eventually intervened in one form or another and decisively in both cases.

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Americans were rather tired getting involved in these wars. We were tired before and we didn't have to have Vietnam to make us tired of war. You get tired of mobilizing the entire country to send vast numbers of people overseas to settle a quarrel among other people. You'd rather they had cooperated and didn't cause us trouble. It seems to me that one of the things that's important in looking at this, particularly at the immediate postwar period, is to bear in mind that the Americans just emerged from this experience. I remember being in a meeting at which Henry Cabot Lodge said (and this I think applied to almost all of us who were responsible for these things in one form or another), "My generation was involved in the Depression and in two world wars, and we emerged at the end of World War II with the overwhelming idea that we didn't want to see either of these things happen again." I think that when you look at the basic American motivation it reflects the fact that the American Government is a democratic government. The American Government generally reflects the American people who have conflicting desires and the problem of government is always to sort and try to find some way of balancing out these conflicts of interest and to advance the general welfare, as it says in the Preamble to the

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Constitution. But on many matters there is a broad consensus, as there was, certainly, at the end of World War II.

Well, I was saying that I think that both the administration and the Congress were, at that time, extremely sensitive to these general feelings of the American people, and the various actions which were taken reflected this general outlook.

Now this outlook was affected further by a realization that America's security interests were involved in European stability. I think it was security interests that was the predominant interest and economic interest was a secondary interest; it was not absent. But also of concern, most Americans had ties in Europe. The number of Americans who have ties with Europe is extraordinary. I'm a first-generation American myself. Most Americans are of European descent and they are very conscious of the European connections in one way or another although more remote in some cases. Ethnic ties are closer in some cases than others. But even after being in this country for centuries, they are extremely aware of their European background. They have no desire to see Western Europe, or even parts of Eastern Europe, from which many of them came, dominated by the Russians. They crept into

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areas they didn't want dominated by a German dictatorship and they didn't want it dominated by a Russian dictatorship. People don't talk about this, but this affects the general outlook. It made Americans willing, for example, to put all the money they put up for the Marshall plan, because there was a strong sense that our basic interests were really again being involved. It was a wiser choice to help the Europeans get on their feet than to let things degenerate into a state of chaos and require another American military intervention--having just liquidated our immense armed forces that we'd assembled for our participation into World War II--to try and put things right.

So I think that this was affected by the administration and certainly by Harry Truman, who was about as typical an American as you could want, coming from the absolute center of the country. His background was different and his approach was different; he was a very wise and humane man.

The Congress likewise reflected this. They also had the feeling that the dangers to us and the problems caused by the divisions would be greatly diminished if the Europeans could get together somehow and unite. And there was a very strong expression of this opinion

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in the legislation of the European Recovery Act.

Another point on which the Congress took a rather strong position--and I'm not sure just where this is reflected in the legislative history, but it is a fact--was that Germany should be a full part of this European Recovery effort. Now, again, the State Department was terribly conscious of its relationships with the other countries which had governments--and, after all, there was no German government, so we didn't have to be diplomatic with them. You see, this is the kind of thing that people don't understand. You find some people talking about the sort of extraordinary sensitivity of the State Department to deal with other countries, and even being unduly sensitive about this. Well, there wasn't any German government to make noises at us and fuss with us. General Clay did that, he and his merry men; but that was a kind of internal business, internal American struggle.

At any rate, the Congress was insistent on that, and this was effective, and as a matter of fact it turned out to be quite necessary. The fact is that we had to give more money to Germany than we did to the other European countries, and this presented a real political problem, because one of the things that we wanted the Europeans to do was to work together in a

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common effort; and remember that was part of the Marshall statement in his Harvard speech. He said, "It is up to the Europeans."

I don't have the full text of the Harvard speech right handy, but the Policy Planning Staff recommendation, which was incorporated almost verbatim into the Harvard speech said:

It would be neither fitting nor efficacious for this government to undertake to draw up unilaterally and to promulgate formally on its own initiative a program designed to place Western Europe on its feet economically. This is the business of the Europeans. The formal initiative must come from Europe; and Europeans must bear the basic responsibility for it. The role of this country should consist of friendly aid in the drafting of a European request.

Then it went on. This is the Policy Planning Staff memorandum. This is not in the Harvard speech, but was certainly adopted as U.S. position:

The program which this country is asked to support must be a joint one, agreed to by several European nations. [And I'm omitting some language.] The request for our support must come as a joint request from a group of friendly nations, not as a series of isolated and individual appeals.

The reference there is to pages 336 and 337 of Kennan's Memoirs, Vol. I, the first covering a period of 1925 to 1950. It was this American insistence on a joint effort which led to the creation of the Organization for European Economic Cooperation, the OEEC, of which

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the three Western zones of Germany were members.

FUCHS: How long did the Committee for European Economic Cooperation operate?

REINSTEIN: Oh, I don't know exactly. I guess until the OEEC came into operation, which was probably sometime coincidental with the passage of the legislation through the Congress. I was not really involved in that and don't know.

Now, as I recall, since there was no real German government, because of the fact that Germany was an occupied area under military government, there was some recognition in the legislation that Germany would have to be dealt with somewhat differently.

Now, the fact of the matter is, we had to give more aid to Germany than to anybody else. We had asked the Europeans to get together and cooperate on a joint plan, and this really meant that they had to comment on the size of the request which they were making of the United States for aid, and try to accommodate themselves to the limitations of the appropriations.

As I recall, the general size of the appropriation was gauged at the outset as being something like about 18 billion dollars, a figure in that order of magnitude. It was sort of understood, as part of the

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basic legislation and discussion with the Europeans, that subject to the constitutional right of the Congress that determines annually these appropriations, that the goals we were shooting at would involve an expenditure of money of roughly 18 billion dollars, part of which would be loan and part of which would be grant, and which would have to be allocated among the countries.

The German situation didn't fit into this, and so we got it round that, both financially and politically, because it would have been highly objectionable politically for the European governments to agree that a defeated enemy country should get more money than they did. So there was a formula in which the aid to Germany was divided into two compartments. One was, in effect, the continuation of the GARIOA appropriations, that is the relief which had been extended through the Army, largely, on the theory that there was an obligation on the part of the occupying powers. I think people base the argument on both points: the legalistic argument that the occupying power had an obligation to at least see that people didn't starve to death, and also a sort of subsidiary consideration that since you had troops there you didn't want to have the troops have to fight with people who are starving. So

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that was sort of an underpinning of the GARIOA appropriation, and you could separate that from the recovery part. In other words, you had a minimum base that you had to meet and that did not go through the OEEC, and only the recovery element did.

However, the State Department and McCloy, when we worked on the organization of HICOG, agreed that we wanted a unified administration of economic programs, and we didn't want to have any separate ECA mission; everything should be under McCloy.

So we finally worked out an arrangement under which, while there was somebody who in effect occupied the role of Mission Chief, and was designated by the ECA, that the head of the mission would be McCloy, and that in the final analysis--as to any questions--it would be McCloy who would make the decision as far as the field was concerned.

Now, as I say, I went to Germany at the middle of October of 1949. I wanted to have a general look around--the economic organization was just getting started--but I really spent a great deal of time with them, talking with them. I looked into various other problems that were being dealt

with. There were some long-standing difficulties between Washington and Germany which resulted from the fact that people didn't

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go over their files, and they had misunderstandings. I straightened some of those out.

FUCHS: You were not chief of the Bureau of German Economic Affairs?

REINSTEIN: I was the Director of the Office of German Economic Affairs, that's right. But I was there as a visitor, and in fact what I was doing was sort of casing the joint, so to speak, to see what was what. You see, we had had one man in Murphy's office in Berlin, Worley Haraldsen as I recall, and that was about the only economic representation the State Department had in Germany, a junior officer on Murphy's staff. We really didn't have a very good view of a number of things. We had been dealing with them at remote distance by telegram. So I was just having a general look at everything, in the economic field particularly. I also looked at some of the political things a little bit, but my function really was to look at the economic side.

I went and looked at the Combined Coal and Steel Boards, in the Ruhr area, to see what they were doing. The Steel Board was working on the breaking up of some of the larger steel companies, as an antitrust measure. The Coal Board was really concerning itself mainly with

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the rehabilitation of the German coal mining industry. These were boards which had been set up as a result of our muscling in on the British zone in 1947. It was part of the effort to get--it was a terribly difficult problem--enough energy to the Europeans, particularly German coal. Instead of sending American coal over there, shipping it across the Atlantic, we wanted to get the coal out of the German mines. I don't know whether in my earlier interview I mentioned this but this problem had sort of surfaced in a way that a companion memorandum which I wrote. This was the Policy Planning Staff paper No. 2. The thing that was the foundation for the Marshall plan was PPC No. 1. PPC No. 2 dealt with a subject that I raised during our discussions with the Planning Staff, which was that it would take time for the Europeans to come up with a general plan and in the meanwhile we should be tackling, without waiting for a general plan, some of the specific bottlenecks, the hard cases that were not only preventing European recovery, but were driving Europe in fact in the opposite direction. I think in that paper that we looked at, I put forward a general proposition, and suggested the need for particular attention to coal, on which I found that the technical staff of the State Department was futilely trying to

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draw the attention of higher officers of the Department. Inland transport was another of the overriding problems, and I think that I added fertilizer. Something was done in the field of transport, nothing was done in the field of fertilizer.

The recommendations to the Secretary with regard to coal did lead to the British-American coal talks in the summer of 1947, and to the creation of the Combined Coal Board and the Steel Board, and a real attack on the problem of rehabilitating the coal mines. It turned out we had to put a lot of American equipment and a lot of American know-how in France, although those mines were deeper than the typical American mine by far, and conditions under which the miners worked was quite different from ours. Nevertheless, the kind of equipment that they needed just couldn't be gotten quickly in Europe and we had to get it there quickly. I guess we used the GARIOA aid to get it in there while they were developing the Marshall plan more generally.

Well, I found that both of those operations seemed to be going along all right, the whole economic program in fact seemed to be going along quite well. So I was about ready to leave Germany when I was instructed to stay and assist in the negotiation of the bilateral ECA (economic cooperation) agreement with the Federal

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Republic on aid of the kind that we had with the other recipient countries. The typical agreement was on general goals and laid down the conditions for use of counterpart aid and defined general economic policy. Except for the German agreement, all the agreements were negotiated in Washington, and these were real negotiations, I gather. I did not participate in any of them, but I think they were genuine negotiations. They followed a fairly common pattern, some of this was laid down by the U.S. legislation, for instance that respecting counterpart aid. This kind of standard pattern, perhaps, varied in the case of particular countries.

Now, in the case of Germany we simply drew up the kind of agreement that we wanted and told [Robert] Murphy, who was political adviser to General Clay and the head of our office in Berlin, to get the military governors to sign these agreements. I don't know of any real negotiations on that, since the German situation, being what it was, we were paying the piper so we called the tune. So we had three separate agreements, one with each military governor. There was an agreement between (I was always amused by this) the United States Government and the United States Military Government in Germany, signed respectively by Mr.

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Robert Murphy on behalf of the United States, and by General Clay on behalf of the United States Military Government in Germany.

Well, the other agreements had all been negotiated, as I said, with Washington. They had a negotiating team, but that had long since been disbanded, so they just turned it over to HICOG to work out.

Now, it was a little out of their line of operation, and as a matter of fact it was the first international agreement that was made with the Federal Republic of Germany; they were just coming into existence. Also it involved some special technical problems relating to Germany, because of the existence of previous agreements.

Now, an interesting point of background on how the military government functioned is to observe what happened during the course of these negotiations. In the first place, the Germans, this being their first agreement, were kind of careful about what they did; and they were just sort of getting themselves organized into a government, too, so they put some rather good people to work on this. We went over the text with them very carefully. We didn't have too much difficulty until we got to a clause which was necessary

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from our viewpoint, quite obviously, which was the normal clause in situations of this kind, where you were substituting one part for another to say that the new German federal government would take over the rights and obligations of the military governors under their previous agreement. Well, what their rights were was obvious from the text of the agreement, but the Germans asked us what their obligations were.

Well, that was an interesting question. And so we had to look into that. To my horrified amazement, we discovered (and this was in the middle of a negotiating session) that the military governors had in effect, in violation of their agreement with the United States Government, spent a certain amount of the ECA counterpart aid which had accumulated, and which amounted to a quite considerable sum of money, I think about a billion marks at that point. At least on the books there was a billion marks, but we discovered in practice that there wasn't a billion marks.

What had happened was that while the ECA counterpart could only be spent with the agreement of the United States Government, there was no such requirement in the case of the GARIOA counterpart, and the GARIOA counterpart had been spent by the military governors just as part of the way they functioned.

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They had used some of it wisely and some of it not wisely. This is not unusual in the case of governments. Wisely, they had used some of it to rehabilitate the German railways. When we looked into it, the German railways were bankrupt, I think you could put it, at that time. I think it's important that since then, they have been restored to a quite healthy position unlike some of our American railroads; but some American railroads are in quite healthy condition, too.

At any rate, in the assets which we were offering the German government, there were some promissory notes from the railroad system, to repay loans which had been extended to it to rehabilitate the railroad system, mechanically and otherwise. It was obviously essential to the rehabilitation of Germany.

I might point out that at that time there was no place in Germany which was more than--I can't remember whether it was 18 kilometers or 18 miles from a railroad station.

FUCHS: Did they only discover this in an audit, that they were using these counterpart funds?

REINSTEIN: This wasn't an audit; this came up in the negotiations. Well, then we discovered also that this

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involved a state trading organization which the military governors had set up, the JEIA, Joint Export-Import Agency. I think the purpose of this was to insure not only the availability to the of export proceeds, you see all German debt payments were in suspense, governmental debt payments, the things like the Young plan, but also banking obligations, all those debts outstanding to anybody, which had been cut off by the war, and then had been suspended. The Allied authorities controlled foreign exchange transactions through an agency called the Allied Bank Commission, and they needed the proceeds of all export earnings, in order to buy imports, and so didn't permit any payment on debts. You can't have debt payments by somebody who's in bankruptcy. This was like a bankruptcy proceeding. The first thing you do is you suspend payments until you reorganize. Anyhow, everything was in suspense.

Now there was a problem, however, that if individual German firms exported goods, if the payment were to be made to the German producer, this could be subject to attachment by creditors abroad. So the military authorities had created what was a form of a state trading organization, which was in some cases simply the nominal agent for the conduct of the

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transaction. In some cases they actually did engage in transactions. We did not have a complete merger of the three Western zones. We had the merger in the bizon, and in the British and the American zones we had what was called the Joint Export-Import Agency, generally known as JEIA. The French zone never joined the bizon, but in effect they worked things out jointly. They had what was legally a separate office called OFICOMEX, and they operated more or less, jointly.

Now, in one way or another these organizations ran a deficit, partly because they engaged in some unwise transactions. For example, they bought a lot of the Swedish iron ore at high prices; and then the price fell, and so they had to sell to the German consumer at lower world market prices in order for the German consumers to be competitive with other producers. So these state trading organizations had to pick up the difference. I don't know how many of these transactions there were. We didn't do an audit to be precise about it. We discovered that they had, in one way or another, used up all of the GARIOA counterpart, and so they had to have another source of supply for money to continue these operations.

So at that point they applied to the United States Government, through this small ECA mission which they

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had in Germany, for permission to spend some of the ECA counterpart account.

Well, in our relations with other countries, we'd have general discussions of their economic program, and so the ECA office there then wrote back to the military governors and sent them a long questionnaire about what their economic program was, and wanted to list this and that, so that they could send the information to Washington along with their request.

FUCHS: Do you recall who the head of that mission in Germany was?

REINSTEIN: I can't remember. I'm trying to remember his name; he's dead now. It will come back to me. Yes, his name was Norman Collison.

At any rate, he had been sitting there in isolation, so partly he was getting back at the military governors, who, particularly Clay's people, had just ignored him, and he had not been consulted on anything. He was allowed to communicate to Washington through Murphy's office, which had an independent communication channel directly to the State Department. He could send communications through Murphy's office without censorship by U.S. Military Government, which otherwise controlled all communications.

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I don't know whether he was trying to get back at the military governors the way he had been ignored by them up to that point; there had been no cooperation.

You see, as I said to you before, these people in Germany tended to operate very independently. Well, at any rate, I don't know who made the decisions, but in effect, the military authorities (without being specific and telling who they were) went to the kind of central bank which had been established, which was called the Bank of the German States, BDL, Bank Deutscher Laender, which has not been succeeded by the German central bank or the Bundesbank, the German Federal Bank, in which these counterpart accounts, or counterpart funds were being held under the agreement with the United States. Of course, the bank was under the control of the Allied authorities, the Allied Bank Commission. So, in fact, the Allied Bank Commission said to the Central Bank, "Well now, look, you have an account here, you have some accounts in our name, in the names of the three military governors, called ECA counterpart accounts."

"Yes," said the Bank, "we do."

"Well," he said, "how would you like to let us have some money and we will agree to block, and not to spend an equivalent amount of money in the ECA

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counterpart account." The fact is that not having the agreement of the United States, they siphoned the money out of the bottom of this account. This is fraudulent bookkeeping. I say when we started in on this, we opened the door and out came these skeletons, out of the closet; they just came tumbling out like mad.

FUCHS: No one was ever cashiered for this type of thing?

REINSTEIN: Well, I'll deal with that in a moment. You would have had to have had an investigation to determine who was responsible and if the responsibility went up high enough, it might prove embarrassing. Anyhow, there weren't many people left because we'd cleaned out most of the previous staff. In this particular case, we had not. I will not mention the name of the individual involved, but there was a carry-over at least of one person from the old regime to the new regime, and he was the one who provided the information.

And I say, it was right in the middle of a negotiation session with the Germans that we discovered that 300 million marks had been siphoned out of the ECA counterpart account without the agreement of the United States Government and therefore in violation of that agreement by the military governors.

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FUCHS: What was the mark worth at that time?

REINSTEIN: Oh, prior to my going there we had just gone through a re-evaluation of all European currencies. There was a crisis on the British pound and the pound had been revalued. Up until that time there had been no exchange rate. We used for trading purposes a rate of 30 cents, and for other purposes we had a different rate. I think the original rate had been ten cents. That was just for troop expenditures. In other words, the troops got very cheap marks, which they could go and use, and which they used plentifully in the black market, which cost the American taxpayer plenty when they got through with this, about a half a billion dollars in Germany and Japan.

I might say, parenthetically, that I and the Treasury representative when we were drawing up the detailed occupation of Germany under the JCS-1067, pleaded with the military to introduce strict controls against black marketing. We were turned down on the grounds that it would interfere with the morale of the troops. They eventually did take measures. What happened was that people were just black marketing, making money and then were sending the money home

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through postal money orders. But this is a little bit off the counterpart thing. Let's leave that and deal with that separately, when I tell you about the troop overdraft problem, which we were still unwinding, too, at this stage.

Well, anyhow, as I say, we discovered that 300 million marks had been siphoned off. The account appeared to be intact, but in fact there was an agreement that 300 million marks would not be spent. This then enabled the Central Bank to open another account which had a red balance, and then against which the military governors drew. They stole it from the ECA counterpart account, the equivalent. So, in fact, they were transferring money through fraudulent transaction from the ECA account to the GARIOA account.

The meeting was suspended immediately and we then started going into this to find out what the heck had been going on. When we resumed our discussions with the Germans a week later, we discovered that in the intervening week another 100 million marks had disappeared. At which point I went through the roof, and I had said before they should put an end to this, but they did not put an end to it. I said if they didn't put an end to it immediately that I would get on the telephone to Washington and have orders issued and

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some heads would roll. I didn't get the fellow who was involved fired. He knew what was going on, but it wasn't really clear who was responsible for this decision, and what I was trying to do was to get an agreement negotiated with the Germans. This turned out to be quite a sticking point with the Germans, because by that time 400 million marks had disappeared or 40 percent of the total. Our general concept, the concept of the Americans in Germany with which I agreed, of what should be done in Germany was that they should start with this billion mark fund and pump it into some housing, which seemed to us to be a great problem and prevented mobility in the labor supply and so on. We had a great deal of trouble with the Germans about that because we wanted the German government to make the 400 million mark credit against the counterpart account a debt by the government to the Central Bank, and they were scared about the inflationary aspects.

We finally got I straightened up, but it kept me in Europe some additional time and all in all I think I spent about two months there at the beginning of the State Department regime. I came back with some rather clear ideas, but I think I'll save those for our next interview.

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FUCHS: Very good.

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Thirteenth Oral History Interview with Jacques J. Reinstein, in Washington, D.C., August 2, 1977. By James R. Fuchs, Harry S. Truman Library.

REINSTEIN: This is a continuation of the previous interview. I have something to say that I thought about in the interim about Mr. Truman and his relations with the opposition party. I don't want to lose that, but I think that perhaps I will come back to that later and now continue the thread of the thoughts that I had when I was talking to you a moment ago.

FUCHS: You were the chief of the Division of German Economic Affairs in this period? What unit were you under?

REINSTEIN: No, in the period from March 1 to about September it was the Interim Office of German and Austrian Affairs.

FUCHS: That would be about what year, now?

REINSTEIN: The year was 1949. It was the Interim Office of German and Austrian Affairs headed by Robert Murphy, Ambassador Murphy, who had been with Clay in Berlin. They were virtually inseparable. As a matter of fact, at the Moscow Conference they shared the same room. The only people who had single rooms (and you like these human interest touches) of course included

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General Marshall who stayed at the Embassy, while the rest of us stayed at the Moskva Hotel, the most luxurious hotel in Moscow at the time. The Russians had to kick out a lot of high ranking functionaries from odd places, and every once in a while you'd get a call from a girl for one of those fellows that you know had been kicked out, you got his telephone calls. They always seemed to be from women I must say.

FUCHS: Did you fix things up from there?

REINSTEIN: Oh, no, no. My Russian was limited and they were interested in meeting somebody else, so I had no time to fool around with Russian ladies. We had some interesting peeks behind the scenery there in the Russian bureaucracy in the Russian economy. I remember (I want to stay on this human interest thing) Charles P. Kindleberger, the renowned economist from MIT, at that time, in '47, had the job that I had in '49. He had worked for me when he first came out of the OSS in 1945--he was still in his major's uniform, and pecking away at a typewriter. He picked up a message from Harry Truman, buzzed off Ed Pauley, in sending him a message--I think I recounted that to you before, but it really endeared Mr. Truman to me.

Well, anyhow, Charlie by '47 was in charge of

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German and I think Austrian Economic Affairs and he was there at the Moscow Conference. We were getting our per diem at the official diplomatic rate. They had an official rate which was two rubles to one dollar. They had the diplomatic rate which was 17 rubles to one dollar, but the black market rate was something like, oh, I don't know, about two hundred to the dollar. I don't know what the black market rate reflected. Anyhow, they paid us per diem initially on the basis of the diplomatic rate, and we couldn't make ends meet on that, and so they raised it. Personally, having accustomed myself to the austere level of the diplomatic rate and being too busy to do anything, I never got to any night club or did any of the things--I did get to the ballet a few times. We were getting the best seats at the ballet and the opera.

Anyhow, there were all these funny rates we discovered about the telephone charges, which didn't involve a tax, as they did in the United States where they are slowly reducing it now, finally--about 1 percent every year or so, from what was about a 10 percent charge--so it was

always cheaper to make an overseas call if you initiated it in Europe rather than in the United States. You avoided the tax, and if you had an expensive call, let's say a fifty dollar call,

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that meant five dollars difference. And five dollars in Mr. Truman's time was worth a lot more than it is in Mr. Carter's time, I may say, thanks to another Democrat, Mr. Lyndon Johnson, who got us into this unholy mess; although he inherited that from another Democrat, Mr. Kennedy, who inherited it from General Eisenhower. But Kennedy really got us in the Vietnam soup, I think. Lyndon Johnson borrowed from him, you know. Personal views. Anyhow, five dollars was a lot of money; but not all that much, fifty dollars was a whole lot more. We discovered, to our charm, that the telephone rates to the United States were based on the official rate of the ruble, that is two rubles to the dollar, so that you could make a twelve dollar telephone call for something like \$1.20 or maybe even less.

FUCHS: I don't understand money very well, but again it would seem like. . .

REINSTEIN: Well, you see we were being charged at one rate, but we were getting our rubles at a much better rate. We were getting about something like ten times the official rate. Therefore, one ruble applied to anything calculated at the official rate, only cost you a tenth or less than that, so that people took to

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calling up the United States. I called my wife several times. Finally she said, "My heavens, you are running up a terrible bill."

I said, "Well, this isn't costing anything"--actually I don't think it cost anything much more than it costs for me to call New Hampshire now. Well, anyhow, as I say, that was one way that you looked at things.

Charlie Kindleberger went out one Sunday to the authorized black market. The Russians, while they rationed goods, did permit a fringe operation of the capitalist system, in a very clever way. It's very fortunate for them they had the capitalist system to copy from. That was my reflection on looking at Moscow and looking at the goods in the shops, that if they didn't have us to copy from they'd be in a hell of a fix. Mr. Truman would have expressed himself even in more earthy terms than that, I'm sure, and he was quite aware of that, in his way.

Well, what they did was they had--this is in agriculture, I think, even now still the case--they have quotas of scheduled deliveries. In other words there are individual farms, some of them still; not as many as there are in, say, Poland where agriculture has never been collectivized. They have state farms and

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they have collective farms, but they always have allowed people to have a certain little amount of land to grow things on themselves, and a lot of people do this. They manage one way or another to have these old garden plots, not unlike the garden plots you can find here in Washington. If you go right straight across Van Ness Street, and go down to Connecticut Avenue, you'll find some public land on which people have garden plots. Some of them grow vegetables, some of them grow flowers. You can go down here on New Mexico Avenue and find a place like that. Well, the Russians have a lot of them, and this gives people the incentive to go out and do something beyond the required deliveries. They can consume it themselves, but if they make more than they can consume, then they are allowed to sell it--or were at that time allowed to sell it. I don't know what the situation is now, but they were at that time allowed to sell it in what was the authorized black market. Anyhow, Charlie picked up a loaf of bread and asked how much it was. At the official rate it was \$90. And his comment, which I will never forget; he has a knack of putting things in a sort of fascinating way, and I think this is relevant to the account we're having of the Truman years, because the Truman years have been denigrated falsely

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in terms of our relations with the Russians. Charlie's comment was, "What can you say about an economy in which a telephone call to the United States costs \$5 and a loaf of bread costs \$90."

FUCHS: In other words, the bread was 180 rubles.

REINSTEIN: One hundred and eighty rubles, that's right, and as I say, at the black market rate that would have been---well, by golly, that would have been nine dollars in real money for a loaf of bread. Are you "Doctor?"

FUCHS: No, it's "Master." My wife calls me "Master."

REINSTEIN: Well, somebody asked me what I was, "What is your profession?" And I thought for a minute and said, "I'm a professional bastard, I guess." That's what the State Department paid me for doing, protect U.S. interest. Perhaps a better way of putting it, I was, among other things, a good defensive back. But I tried to be fair and honest in our dealings with foreigners, and with other people. We were discussing the provision of the German basic law, the constitution, in effect, upon which the German Federal Republic in West Germany rests. Observing that there was some similarity between French

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procedure in the fifth Republic and the German procedures, which is like--no, it really isn't the same thing. In France, the head of the government is designated by the president of the Republic, and the president has real powers. In Germany, I guess, he is perhaps selected by the president of the Republic, but the function of the president is really only a formal one, more like that of the president of the Republic, under the Citizen's Republic, or the Fourth, and the position of the Queen of England. That is, it's symbolic of the state and it's there as a kind of potential

mediator, at a time of extreme crisis; but other than that it really doesn't have any function, except a formal function.

In the German system, the parliament does in fact determine who becomes the chancellor by election; but once the chancellor has been elected, you can't get rid of him unless you select somebody else to be chancellor. And when I came back to Washington I found that there was this concern about the stability of the German Government. I tried to set it at rest by pointing out to people, and they soon found out this was the case, that there were no conceivable circumstances in which Chancellor Adenauer or anybody else could be picked as chancellor. This is because of

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this requirement, that you couldn't just vote a government out of office by, say, a vote of no confidence, make an issue of confidence. They used to do this on all kinds of technicalities, in the French system and they did it under the Weimar Republic. For instance, [it's as] if you are forcing the budget through and the government would say, "Well, we're going to have a fight," the kind of fight that Carter's having with Congress.

Well, it's a typical fight that goes on between the executive and the legislature all the time. This was one of the weaknesses of the parliamentary system, that if you have a disagreement between the Parliament and the executive, which is supposed to be a representative of the Parliament, the government falls. Here you just have a disagreement. Eventually, either the President vetoes the act and then the Congress either decides to override the veto or not, but somebody makes the decision in the end. It may not be the right decision but our system has got a built-in provision by which "un-decision" is made, by somebody. You may have pulling and hauling and contradictory policies being followed by the Congress and the President, but Mr. Truman had to live with that, and, as a matter of fact, he turned it into political

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capital. It probably was one of the strongest points he was able to make in his campaign for reelection, that he turned the protective features of the American Constitution into an instrument for forging an authority. Well, the 80th Congress emerged from the '48 election.

FUCHS: No, the 81st Congress. The 80th Congress was the one that he castigated and ran against in '48, elected in '46.

REINSTEIN: Yes. So he forged the majority by taking advantage, very skillfully--you know, Truman was not only a statesman, but he was a darn good politician, and that combination is a real winner. It's a real winner. I mean Franklin Roosevelt had it, and not many people have had it since. We're only talking about Mr. Truman--you don't have to comment on them--but Mr. Truman really did have it, and some of the people that we dealt with during that period, in Europe had it. Schuman had it. Eden--no, I don't know whether Eden had it or not. He was a statesman but not a good politician, and his period as Prime Minister was--no, he was better

when he was not Prime Minister; but he was a real statesman, and real terrific man. I knew him. Ernie Bevin, he had it. They had them on both

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sides of the aisles, both sides of the House in England. Adenauer had it, and De Gasperi had it.

That brings me back to a Catholic point. Let me just dispose of that briefly and then we'll have a break. When they began forging the Europe of the sixth, there was some concern in this country, and I suppose, maybe, elsewhere. I guess it reflected some feelings in Europe, too, but the United States is primarily a Protestant country, and people, I think, were more sensitive about these things in those days than they are today. More sensitive, but not all that sensitive; you know, [we are only] 20 years away from the Ku Klux Klan after all, that rather peculiar, Southern institution. I can say that as a Georgian, and coming from a city where the division of races was rather strong. We had an election for mayor in which the Klan-supported candidate lost by a 26-vote margin, assuming the votes were counted correctly. There was some question about the vote in some precincts which were under control of a man named Wilson. It was alleged that "Billy Goat" Wilson chewed up the votes.

FUCHS: Was he pro-Klan, or anti-Klan?

REINSTEIN: He was pro-Klan, and there was some suspicion about the votes in those particular precincts. The

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Klan, however, while it was intended to be a peculiarly Southern institution, did have some strength in some areas in the north, and I point out that the state of Indiana is not known for its liberalism; it was one state in which the Klan was very heavy.

At any rate, the Catholic-Protestant sensitivity was not completely absent from the United States; I can say that at the time that I first went to the State Department there was a book published--I can't remember who wrote it and what its title was; but it might come back to me when I do the editing--which demonstrated that the State Department was really under the secret control of the Vatican.

During my period at the State Department I lived through many myths. This was a particularly odd one and the principal point that this fellow made, I think, to support his allegation of the Vatican control, was that numerous people in the State Department had gone to the Georgetown School of Foreign Service. Georgetown University was being run by Jesuits and the Regent of the Foreign Service School was Father Edmund A. Walsh, for whom the school is now named. This was seen as a sinister hand of the Vatican directing the American foreign policy. They sort of overlooked the fact that there were practically no other schools in

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the country which specialized in teaching people how to engage in foreign service. I can't remember when the Fletcher School of Law and Diplomacy was set up by Tufts and Harvard, but it was, I think, afterward. It was very small anyhow. Georgetown was the place that ran mainly as a night school originally and was where people who, to get a Government job, could go to law school, or they could go to Foreign Service school. Those schools were located, incidentally, at 6th and E Streets in downtown Washington, which were immediately accessible to the old Government buildings. The law school is still down there, because it's near the courts, and it's very good to have a law school near the courts; it enables the law student to go and listen to the court proceedings after he gets out of class, and not sit far away from it and just read a book. That's why Georgetown Law School is there. As a matter of fact, the Foreign Service School was in the law school building. It was only a good ten years after it was founded, or more, I think, 12 years, that it finally moved to the main campus. Well, that's one myth.

Another myth was that we were a bunch of stupid dolts, although many people came from Harvard and Yale and the other good eastern universities. They were

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from well-to-do families, the Foreign Service particularly.

Oh, I forgot part of the Catholic plot. The other principal evidence was that the head of personnel, the chief clerk of the Department, a man named Yardley at the time, technically a chief in charge of personnel, was Catholic and, I think, had gone to Georgetown. Well, anybody who knew the State Department knew that most of the officers, Foreign Service officers, came through the examination process and were picked by a board of examiners, not by Mr. Yardley; and that in the case of the small staff of civil servants, these were lawyers or people like myself who came in on, technically, non-Civil Service jobs, because we didn't want to have to follow Civil Service regulation in the Hull Trade Agreements program. There are others who did, but the officers were picked by the officers who recruited them, and it was very rare that they put anybody in because they had a very small staff. But Mr. Yardley's function was to hire secretaries and typists and clerks, using Civil Service procedure, and they did follow the Civil Service procedure; most of the other positions were thrown out, exempted. All legal positions were always kept out of Civil Service; they were Schedule B under the regulations of Civil

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Service at that time. You didn't have to go to the top three of the Civil Service for automatic selection, take state preferences into it, and state origins into account, and all those technicalities. We didn't have the Catholic-Protestant thing, but we had quotas for states, to make sure that every state had its right amount; it never worked.

The South never got proper representation in the bureaucracy until the Roosevelt administration came in and ignored the Civil Service. Then they came in by the hordes, like they're coming in from Georgia now, except they had a wider distribution in those days. They would take Virginians and North Carolinians, and take people other than those people who went to Georgia

Tech and the University of Georgia. Or if they were wealthier, maybe [they came from] some other school, such as Vanderbilt; maybe they even got as far north as Harvard, but not too many of them I suppose. Georgetown had been a predominantly Southern school before the Civil War, by the way, and even in my day the college was known as “the country club of the South.”

FUCHS: Is that right?

REINSTEIN: Yes. Country Club of the South, a place where

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good Catholic families sent their sons off to school, and it was in the South. Well, the reason I mention this whole religious business is that there was a concern that the evolving unified Europe was being constructed by the Catholics: Schuman, Adenauer, and De Gasperi. There was a concern that this unified Europe would have undue Catholic bias. Now, in fact, there really wasn't, I think, much basis for this concern because to the extent that there were unifying forces--one has to remember that one of the first European movements, in modern times, was the Second International, the Socialist International, which still exists, and which goes back, I guess, to Karl Marx' time--I think it was Karl Marx.

I can't remember what the First International was, but I think maybe the First International was Marx. The Second International, I guess, was really social democratic, it was not Communist. It still exists and there have been strong ties among the Socialist countries which have reappeared, for example, recently and played an important role in rescuing Portugal. The Socialist countries of Europe, received strong American support, financial support. We put in a lot of the money. All the money came from conservative administrations of the United States, fed to the Social

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Democrats, to support a true democracy in Portugal.

You know, when you look at the United States and the way it operates, a part of the problem of dealing with the Truman era is that much of its history and the commentary has been written by neo-Marxists. They look at the events with an ideological bias, and they don't look at the facts, and this ideological bias, or neoMarxism, has been conveyed in subtle form to many American teachers and many American students. I would say it is a matter of considerable concern to me to find history being distorted in that fashion.

Now, as I say, the Socialists were really the originators in many ways of the idea of unifying influences. They never had enough political clout in the pre-World War II years, when they had a lot of unity, mostly in the opposition, to have any effect. After the Second World War they didn't have the same degree of unity; they went off in different directions; although, remember that the Socialists in France generally tended to support the center-left government and that the Socialist party in Italy split over the issue of cooperation with the center. This was the Christian Democrats and they had actually split into two parts.

Something that did happen during the Truman

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administration--Mr. Truman wasn't responsible, but I'm not sure that we didn't mishandle it--when I say "we," I think it was the State Department--we mishandled the Italian situation, and promoted that split. I was present--and this is a great diversion from my text--who knows, it may fit into place quite well.

Before the party split when we were in Paris at the peace conference, [Pietro] Nenni, who was then the leader of the unified party, came up to Paris to talk to us. I was present and kept the notes, I think, of the interview which Nenni had with Will Clayton, who was then the Under Secretary for Economic Affairs in the Department of State. Will Clayton was an extremely well-known figure in American business and then later in American Government.

Now, I cannot remember; I would have to go back to the actual documents, for those documents exist--I must have made a memorandum of that conversation, and it's probably somewhere. I don't know whatever happened to the files of the American delegation to the peace conference. But I had been the principal economic adviser functioning on a four-power basis; [I was the] principal economic adviser to the Secretary of State. When the peace conference came on, Mr. Clayton and Mr. [Willard] Thorp, his deputy, came over. I'm not sure,

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but I think Clayton was Assistant Secretary; it was only later that he was made Under Secretary; Thorp was his deputy. They came over and so then they moved into the top positions. Mr. Clayton only stayed for a while, and then returned to Washington, and Mr. Thorp took the number one position. I was number two. I was just sort of Chief of Staff; ran the office and maintained the liaison with the other delegations--sort of in charge of everything. Mr. Thorp didn't sit for the United States; sometimes Senator Vandenberg did, on a few occasions; and then very often I did.

FUCHS: How long did Thorp stay over there?

REINSTEIN: Thorp stayed until the end; I must say that when we went to New York and went back into the four-power meeting, and Thorp came, that he did not sit at the table. He was a very thoughtful, gentle, kind person. I always occupied the position at the table; he sat behind. He gave advice. Well, as a matter of fact, it was very interesting.

For example, my British opposite number, whenever economic matters came up, always sat at Bevin's right; he didn't sit behind. I sat behind Mr. Byrnes, but my British opposite number (I can't remember his name now, but I know it as well as my own. Well, it will come

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back to me when I edit this) sat right next to Mr. Bevin. I never sat at the table next to Mr. Byrnes; I always sat behind him. But in the Economic Committee I sat at the table. I sat at the table in the deputy's meeting, but never at the ministers' meetings. Although I was principal economic adviser to the Secretary of State, there was too much brass up front.

Well, that was a diversion from the point I was making, which is that as chief of staff I ran the office. We kept very careful written detailed records of the negotiations and of our conversations; I feel certain that I must have, since I was present with Mr. Clayton. I was the only other person there when he saw Mr. Nenni--I must have made a record of the conversation; and then he asked for something, and Mr. Clayton, as I remember, was not responsive. I'm not sure whether the report of that conversation ever went back to the State Department or not. I don't know what other contacts Nenni had with the Americans, on that particular visit; I'm not sure at all, I don't know. I don't know whether he tried to see Mr. Byrnes or whether he saw anyone else. I think he was asking for money. This is a rather hazy recollection that I have, but the Socialists, the unified Socialists, were technically in the opposition at that time, and what

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Nenni was after, I think, was that he didn't want the Christian Democrats to be the sole recipients of American aid, and to be able to use that to reinforce their political position in Italy.

I think that the point he was trying to make to Mr. Clayton--and I don't think Mr. Clayton understood it--was that the Socialists wanted to kind of be in the act in such a way that the aid that Italy desperately needed, and it was extraordinarily desperately needed, be kept neutral. Having worked on the Italian problems from the economic viewpoint before I went to this peace treaty business, I was extremely familiar with that subject; I was closely associated with it from 1943 until 1945, until I went to London. I was in it right up to my neck.

So, in 1946 I was dealing with the Italian peace treaty, and very conscious of this. We were giving the Italians and had given them, a lot of aid, and part of the fight with the Russians, the Soviets, was over the reparations, because we didn't want to keep putting it into the top and having the Soviets take it out of the bottom, having the reparations paid for by the American taxpayers. It was a real political problem, as I described in another part of this interview.

If anybody were interested, I'm sure you could

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probably find the account of this thing, although it would take some digging. We were just kind of trying to keep the aid neutral. You can understand this. I don't think Mr. Clayton understood that. The subsequent development of the situation in Italy led to the split of the Italian Socialist Party into two parts, the Nenni faction, and the other faction--I can't remember the name of the man, extremely well-known (it will come back to me) --which cooperated with the Christian Democrats.

FUCHS: What was the faction?

REINSTEIN: Well, one was the Nenni faction; he led the left wing of the party and they then began cooperating with the Communists. The party has been reunited and I don't know whether it's split again or not. There were two factions in the party, the right wing and a left wing and the left wing then made common cause with the Communists. The question in my mind is whether the United States Government unwittingly helped that process, simply by being insensitive to what the Italians were thinking. Nenni was talking with the wrong man. He talked with the only American he could find, I guess, but Clayton was not the man to talk to about this. Maybe he couldn't get to Byrnes. Byrnes

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was a politician; Clayton was not a politician. If Nenni, as a politician, had been able to talk to Byrnes as a politician, I'm sure they would have understood each other and gotten his point. As I remember it--and we're talking about events now 31 years back, and I have no papers, I'm going on the basis of my recollection--in this business you develop a sense about what people are trying to say. You have to. They don't always come right out and say it, that they don't know whether they have the right man. I can't remember, but if Nenni spoke English he must have spoken very poor English. Maybe there was even an interpreter, I'm not sure.

FUCHS: What was his point, as you saw it?

REINSTEIN: It has been something that has troubled me a great deal over the years as I watched the evolution of Italy, in this progressive march, advance toward power for the Communists, who were aided by the left-wing Socialists. What he was trying to do was to make sure the Christian Democrats did not get the sole credit for the American aid, so that they would be able to take advantage of this in Italian politics. Nenni was at that point, I think, quite prepared to cooperate with the United States.

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Now, I'm not sure he really knew how to accomplish this. I think this may have been a part of the problem because it's very difficult, since they weren't in the government. If you're not going to be in the government, then it's hard to accomplish things. The thing he was trying to accomplish, I think, was to make aid neutral. The only way he could accomplish that was to form a coalition with [Alcide] De Gasperi or someone, some understanding with De Gasperi, and in a sense he was maybe trying to have his cake and eat it too.

Let me say I think there was a breakdown in communications, partly because of a language barrier, and partly by the fact that he was asking for something that was impossible in the political circumstances. The feeling that I carried away from all of this was a feeling that there was no dialogue; there was an absence of dialogue between two people who could at least understand what they were talking about--get into a common language--both overcoming the language difficulty and then overcoming the difficulty of understanding the politics involved.

There never was any effective dialogue between Nenni and the United States Government. I could put it at that. Then, subsequently, Nenni turned against us. But, I think,

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probably he just saw the wrong people. It wasn't my response. I made a record of the conversation; I'm sure I passed it around to other people, but I don't recall the document. Someday I'll have to look that up.

We were speaking, before lunch, of the relations between Secretary Byrnes and Mr. Truman, and the question of my somewhat confused feeling about the circumstances of Secretary Byrnes' departure from the Department of State.

Now, in Byrnes' book, he says--this was after he had a physical examination--he said he wrote to the President:

Last week I had a medical examination. I was advised I must "slow down." I know myself I cannot slow down as long as I hold public office, particularly the office of Secretary of State.

The only way I can comply with the advice of the Doctors [this is on page 354 of Byrnes' All in a Lifetime] is to resign. Therefore, I am tendering my resignation to take effect July first.

I select that date because there is a meeting of the Council of Foreign Ministers in Paris next week to be followed by a Peace Conference and it is impossible to tell how long those conferences will continue. I think it is my duty to attend those meetings. Again, by fixing July first, you will have time in which to select my successor.

Byrnes continues,

"I made the effective date July 1 because, in mistaken optimism, I felt by that time we

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would have the treaties signed."

All these deadlines were extremely optimistic. When I get around to talking about the European Defense Community I've got an amusing story to tell about that.

FUCHS: Deadlines usually are.

REINSTEIN: Byrnes continued,

"I felt... that I had done so much work on those treaties it seemed to be my duty to finish the job"

Well, the original deadline for the completion of the work of the deputies was May 1; they were then to be submitted to the foreign ministers, and presumably to be polished off. What happened in practice, is that by, oh, sometime in the spring, it became quite clear we had made no progress in the deputies [meetings] at all. We had not agreed, for instance, on the economic provision on even one single sentence or article of anything, in the Economic Committee.

We had not agreed on a single sentence of any of the provisions of any treaty. We had two committees, we had one on Italy and one on the Balkans. Maybe there were three; there may have been a separate committee on Finland. I doubt whether it met because that only concerned the British and the Soviets, and since there was basic disagreement on these things, I

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doubt whether the committee met at all. The U.S. had a right to sit in, I think, as an observer, but we wouldn't have wasted the time; because when you sat with the Soviets (and I think that it ought to be clear), you simply got a repetition of the same propaganda themes on every subject. We had consecutive translation, so that one was compelled to sit through a speech in Russian, then hear it again in English, and then to hear it again in French. After a while you could have repeated these speeches in two languages; and with a modest amount of Russian, if I had nothing else to do, I probably could have eventually been able to repeat them in Russian. Even when we got to the peace conference state, in cases where the Soviets had made concessions to us, with compromised language, the Byelorussian and Ukrainians opposed the proposals put forward by the Soviet Union.

We had an extremely amusing incident one time. Generally, I might say that when there was a difference of opinion between the U.S. and the British, as occurred from time to time--because we would feel that their positions were too harsh and money-grabbing and unfair--the main arguments took place in the context of the Italian treaty. There would be, for instance, the U.K.-French text, and then a U.S. text, and the Soviets

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always supported the U.S. text against the British and the French.

Well, at the peace conference, when we got to the final voting, the Ukrainian delegate was a fellow who looked like just the spitting image of a baggy-pants comedian in an old burlesque show they used to have in those days. Maybe they still have them, I don't know; but I haven't seen a baggy-pants comedian in years. But then I don't go to burlesque anymore either. Well, anyhow, this fellow had a bald head and he had a suit that didn't fit him, and he was just the very image of this comic type. You voted in alphabetical order, except that for some reason or other, since the French had established all the protocol arrangements, they had the United States down toward the beginning of the line. We sat in French alphabetical order, and it began, "Albanie," Albania, and then "Amerique," America. The Soviets were extremely annoyed at this, because the French had sort of maneuvered this so as to put us right up at the head of the line, and everybody saw that the Western countries took their cue as to how to vote. There was probably

some foundation for this complaint, I guess; we were not concerned with the French, so far as I know. At NATO now we're at the end of the line--the United Kingdom and then the United

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States and...

FUCHS: They were going by the "U," but the French went by the A, "America."

REINSTEIN: They went by the French. We should probably be in the "E's"--"Etats-Unis d 'Amerique"--but they put us "Amerique," and put us up at the head of the line. Anyhow, the only people whose votes we influenced were presumably the Belgians and the Canadians, the Danes maybe. They all would have come ahead of us. No, the Danish weren't involved, so it would be the Belgians and the Canadians, in the Italian treaty. I had a point which I didn't note before about how they determined who would be at the peace conference. This was worked out. I think this was about the only thing that was ever worked out by the deputies at the early stage of the negotiations, which was a decision on who would be invited to the peace conference. They didn't work out much else, but they did agree--they or maybe at the ministers' meeting (I can't remember)--that the peace conference would be restricted, in the case of Italy at any rate, to those countries, in addition to the big powers, which had been in a state of war with a

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particular country concerned, and had contributed troops.

Now that I come to think about it, this did include Brazil, because Brazil sent a contingent to the Italian front. I think it's probably useful to recollect that the Brazilians alone, of the American states, actively participated in the European war. They sent a contingent and it fought with Mark Clark's army, I think, or the Eighth Army, on the Italian front, and that was bitter fighting for people who came from a tropical climate, fighting in the dreadful Italian winters. This is a kind of footnote to history, that I intend to use as a title for a book, perhaps, when I write one.

We had great arguments over these definitions of who was to be entitled to do what; but anyhow that was the formula for the Italian treaty and so the Brazilians were there. But Belgium, I don't remember what heading the Belgians got in. I guess the formula was not that they fought against the particular country, but they had been invaded by, or fought against the Fascist forces. And, you see, since Belgium had fought against Germany, so that automatically brought Belgium into the Italian treaty. The Brazilians had sent a contingent; the Canadians of

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course had fought; and the Danes--I don't know--the Danes were overrun so fast. I don't think they were in the conference, but I don't remember.

So the only people whose votes could possibly have been affected were three or so. Ethiopia would have come after us. The Ethiopians generally followed our line. One of the things was that there was an Ethiopian delegate. I think this is the kind of thing which is useful to put on tape, this kind of a conversation. I could do the more highly structured thing later, but the human interest part, which could be inserted at the proper place in the editing, does lighten up the text no end, and I think you are very wise in picking these things.

The Ethiopian representative had two American advisers. He was very black. One of the American advisers was from Florida; his name was Don Flowers, and the other was Spencer, the brother of Imogene Schaetzel, who was the wife of [John] Robert Schaetzel, later American Ambassador to the European community. He also later held positions back home in New York.

By the way, just as a footnote, I might add that I was invited to become financial adviser to the Ethiopian Ministry of Finance, and discussed this with one of these fellows; they wanted to hire me. I went

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carefully into the matter, and found what the advantages and disadvantages were, as compared with my life working for the United States Government. The advantages were that the Ethiopian Government paid you a salary which was tax free and that was much more than my salary. They furnished you a house and servants--about 18 servants I think--and the servants included somebody whose function was to keep the lions out of your garden.

FUCHS: This was a disadvantage?

REINSTEIN: That was one of the benefits, the fringe benefits, that one of the servants kept the lions out of your garden, in Addis Ababa, the capital of Ethiopia. There was nothing for women to do except play bridge. There was an American school up to the 8th grade; after that you either sent your children to Beirut or down to Kenya where the Mau Mau rebellion was taking place. Well anyhow it was all right for these fellows.

But the black Ethiopian was surrounded by these two white American advisers, and they were popularly known in the delegation in the conferences as "Byeloethiopians." In other words, Byelorussia is White Russia, and so we had the Byeloethiopians, with

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the White Ethiopians.

On one occasion there was a terrible fight--I can't remember what it was about. There was a terrible fight over something, in which the Western delegations were completely split, and so we went down the line--the U.S. voted one way, the Belgians voted another way, the Canadians, I think, voted with us, the Brazilians, I think, voted with us, then when it got to the Ethiopians this voice came out loud and clear in French with a lisp, "Abstention!" They weren't going to get

involved in this row; he just stayed out of it. And you know, the tension was completely broken. Everybody laughed out loud. I don't know how the vote came out--but it sort of broke the tension completely.

There's another little story I'll tell you about, that comes to my mind. I don't know whether it's in my narrative before or not, but it has to do with our final meetings in New York on the peace treaties. After Secretary Byrnes told Molotov that he was fed up with negotiating with him and he didn't care that much about the peace treaties, that we could do without the peace treaties, then Molotov and the Soviets gave in. You know, in a matter of a few weeks the orders came down from on high, "Settle it." So we knuckled down to work and did the work which we could have done months

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and months before, before the peace conference. We did this all jammed up in New York and it was a terrible burden for the Soviets because, you see, we were doing this during the General Assembly.

The time sequence here was that the Preparatory Commission for the First General Assembly had met in London in the previous September, in '45. It was after the San Francisco Conference, but before the Charter of the Assembly went into effect. In other words, they signed the Charter in San Francisco, and the Charter of the United Nations went into effect on October 24, 1945. The date, I can remember very well for two reasons: my third son was born on that day, and on the 25th anniversary the Assembly, by unanimous vote, adopted the strategy for the Second United Nations Development Decade, on which I had worked for two years as the final part of my final tour of duty in the United States Government Foreign Service, in Washington, as coordinator for the Decade, as U.S. representative on the Preparatory Commission for the Decade, which was a subordinate organ of the General Assembly.

I was on the American delegation to the Economic and Social Council of the United Nations in Geneva, to ECOSOC, and as U.S. representative on the ad hoc

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committee of the OECD [Organization for Economic Cooperation and Development] on the Decade, and as a member of the delegation to the General Assembly. They struck a beautiful silver medal, of which I bought one. I only bought one instead of two; they were very cheap. We got a discount on them--the price of silver was going up. But I presented it to my son for his 25th birthday. So, I remember that date very well.

The Preparatory Commission met in London and when Mr. Byrnes went to London to begin the negotiations on the peace treaties in September of 1945, we went on the Queen Mary, as a transport, still blacked out in case there should be any German submarines lurking around. We ate in the officers' mess at two tables. (I may or may not have recorded this before.) There was a high table which included Mr. and Mrs. Byrnes, Mr. and Mrs. John Foster Dulles, and Mr. and

Mrs. James Clement Dunn, and Ben Cohen. That was seven, and that left one place, and, so, seriatim, those of us at the low table were invited to sit at the high table. I can't remember the total composition at the low table.

The low table had people like Ambassador Raymond Hare, retired Ambassador, and Ambassador [Theodore] Achilles, who was secretary of the delegation. You see, the Council of Foreign Ministers had been

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established by the Potsdam Agreement as kind of a companion piece to the United Nations Charter. Article 109, I think it is, of the Charter, exempts from the Charter and any of its provisions, whatever arrangements are made with respect to defeated enemy countries. That is that none of the privileges of the Charter were to be extended to them and they would be dealt with by the big powers. In other words, the big powers set this thing up so that they would run the show; the only trouble was they couldn't agree on how to run it. They were going to make the peace treaties in the Council of Foreign Ministers and then they were going to enforce the treaties. They would probably use the Council of Foreign Ministers as a sort of place where they would caucus and decide how they would do things, and then they would use the United Nations to maintain the peace.

So the Council of Foreign Ministers emerged as a kind of companion organ to the Security Council. When they called this peace conference together, it was not for the purpose of deciding on what the treaties should be--it was for the purpose of recommending to the big powers what to include in the treaty. The peace conference only adopted recommendations. The final determination and settlement was made by the big powers

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exclusively; it was made in New York. The whole international atmosphere had changed completely. In those days there was the Big Four. The French were admitted by courtesy, really; the Soviets really didn't want them, they wanted everything restricted to the Big Three. It was finally insisted that the French be given a zone of occupation in Germany, and they [the Soviets] said, well, it was all right with them, but it had to come out of our zone. It turned out to be a great nuisance because the French, then, didn't cooperate, and vetoed everything that we wanted to do. They were worse than the Soviets for a while.

I think it's important to have these things, you know; to go back and look at what really happened.

Well, this was the low table. Among the people at the low table, including me, and several other people whose names I don't remember at the moment, was a fellow named Adlai Stevenson, who was a special assistant to the Secretary of the Navy. He was a lawyer, who somehow had gotten involved in the United Nations and was on his way, by himself on this particular trip, to

the Preparatory Commission for the First General Assembly. I sat opposite Mr. Stevenson at the table and remembered him as a very pleasant person. I must say that I did not remember the

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sparkling wit which was evidenced later when he was. . .

FUCHS: He had a different writer.

REINSTEIN: No, I think it was innate, but I certainly never imagined that I was sitting opposite a future candidate for the Presidency of the United States.

There were a lot of small amusing stories about that particular voyage. We went by boat (I know you're not supposed to call a steamer a boat; the Navy wouldn't approve of that, but most people are not technical about this and call them a boat. It's a ship. That's right, that's the proper term)

Well, shortly before I departed Washington I was walking down Seventeenth Street toward Pennsylvania Avenue where the Old State, War and Navy Building is located, now the Old Executive Office Building, and I noticed a young lady whom I identified by sight--I didn't know by name--as a secretary in the State Department, who was getting into a cab. It was one of those people that you see very often, you've never met but you know that she works in the building, and she was getting into a cab.

When we got to England, Secretary Brynes and the Dunns and Cohen, went up by motor car to London.

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Meanwhile, the Embassy had arranged with the British Government to have three coaches attached to the train for the special use of the U.S. delegations. (And there's another amusing story involved in that.) Anyway, we proceeded to London by train, and when we got to London here we were with all our briefcases and classified documents, so we immediately went to the Embassy to deposit them for security purposes.

As I came out of the Embassy Building, up came a cab, a London cab, and who should step out but this young woman I had seen getting into a cab before I left Washington. Needless to say, it was not the same cab.

I met her, oh, about six months later and I told her this and she was very amused by it. It was a rather startling experience to see a person get into a cab in Washington, and get out of a cab in London, as sort of the last and first things that you do.

There are other impressions of local human interest. One is, of course, when we arrived we were greeted by numerous dignitaries of the local British authorities of His Majesty's Government, and the Consul General, and so on. Then, after the dignitaries had departed by motor car and the

rest of us went to find our places on the train, a conductor came along and asked for our tickets. Well, we didn't have any

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tickets and we said, "Well, this has all been arranged." This was before the nationalization of the British railways, I might say. This was the Old Southern Railway. They had something like, let's see, four or five railway lines, and we said well we didn't have any tickets and this had all been arranged. He just fixed us with a beady eye, and said, "I'm sorry, the railway must have tickets, you know."

Meanwhile, we had been sort of taken off the ship first, and all the rest of the passengers were filling up the other coaches. So, I went out and went through the ordeal of trying to make, for the first time in my life, a telephone call from a phone booth in England. That was a very complicated business, because you had to have some pennies, and you deposited two pennies and then, depending on whether you got an answer, you pushed Button A or pushed Button B. You had to become familiar with this. One button returns your coins; the other, if somebody answers at the other end, you had to push that button so that the machine would gobble up your tuppence. Finally, I got through to the American consulate and I explained our difficulty, and they said, "Oh, well, we'll send somebody down with a reverse lend-lease requisition."

Well, actually lend-lease, I think, had been

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terminated. I don't know whether it had been terminated or not; this was all in this jumbled hassle of war. Anyhow, somebody came hurrying down from the consulate with a U.S. Navy reverse lend-lease requisition, and requisitioned the railway for our use, and we presented the requisition to the conductor. Technically, I discovered later, we should have presented the requisition to the ticket office and then gotten tickets to be given to the conductor, but at that point the poor conductor gave up and he never got his tickets. But he got a piece of papers to say that he had gotten something for his records.

FUCHS: They held the train up for this?

REINSTEIN: They may well have. At that point, yes, I think they probably did hold up the train, because while all these negotiations were going on, everybody had been loaded aboard, and all the luggage had been loaded aboard. On a personal note, this was the first time that I, as an American, had been to England. Have you been to England?

FUCHS: Been through it, during the war.

REINSTEIN: Been through it.

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FUCHS: Landed at Birmingham.

REINSTEIN: Well, I think probably England looks very different now from what it looked in 1945; looks much more like the United States. But in 1945 it looked like the England that had existed in the great days of England.

I was 34 years old, I have not a drop of English blood in me, and yet I was brought up in an English culture, in what had been an English colony. We were very conscious of the English origins of the colony. Our county had originally been Christ Church Parish. John Wesley was the first minister of Christ Church. Methodism was established there, which was a common bond between Americans and the English, and I guess probably other countries, but most primarily those two countries. I must say I don't know what the sentiments in the colony were. I think probably they, unlike most of the other colonies, were predominately revolutionary, which was not true in some of the colonies farther north. Those people down there stand up for their rights. I was made conscious of this in 1941 at about the time that the renewal of the draft act passed the House of Representatives by one vote, six months before Pearl Harbor. There was a Gallup

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Poll on whether the United States should intervene in the European war. The majority opinion in the country as a whole was that we should not. The opinion in the Southeastern part of the United States, as a region, was 75 percent that we should. I suspect the sentiment in the revolution was perhaps less divided, more against the King. But nevertheless, we were very conscious of our English background, and all of us Americans had been brought up on reading about this country, and the thing that amazed me was that when I saw it, it was exactly as it had been described in what I had read.

I obviously had seen some movies--not very many at that point--showing English scenes, but my impression of England was derived mainly from reading. I had lunch almost immediately upon arriving, with an old friend and fellow worker who had been Second Secretary in the British Embassy, later the British Ambassador, representative to the U.N., Ambassador Sir Collin Krogh.

I called him up, got to London, and Collin invited me to have lunch with him at a pub, called the Red Bull or something like that, right on the corner, just off Whitehall. So I told him this and he said, "You know, you're right; it's incredible how very English the

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English are." They used the word "English" and I used the word English very liberally. I said, "English culture," because although my wife is a Campbell, I regard my connections as ending at the tweed, not associated with all those barbarians on the other side of the tweed up in Scotland, who can't speak the language. Not that they speak it all that well in Yorkshire and in Lancashire but at any rate they are a different breed of cattle, even the Lowland Scots, and my wife comes from the Highland family.

FUCHS: Is she from over there?

REINSTEIN: Oh, no, no. I'm a first generation American. Her family, the English part of her family came over, oh, several hundred years ago. Her mother's family next year will celebrate the tricentennial of the Huguenot settlement in New Paltz, New York, and we intend to go there. This was three hundred years ago that they settled in New York in the Hudson River valley.

I did promise to tell you a couple of stories about the peace conference. There was one about New York that was one of the first.

Well, let's skip the stories. I'll try and remember to see if I can--I'll make notes about them.

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There was this New York meeting, and the photographer, and that is a very interesting human interest story. There is an amusing story about the Paris Peace Conference, Mr. Molotov, and the statue of Italy. I won't have to write this down, because it'll be on the tape.

I was explaining to you before and I think that I kept this sequence about the relationship between the Council of Foreign Ministers and the First General Assembly, and I might just polish that one off.

The General Assembly was supposed to meet in New York in September. Now, the peace treaties were supposed to be finished by the deputies on May 1 and then there was to be a foreign ministers meeting to settle everything, and then there was to be a peace conference and then the foreign ministers would polish the thing off before the General Assembly.

Well, I don't know, I've probably explained this in the past, but we hadn't agreed on anything up in London, and so they decided to hold a foreign ministers' meeting in Paris. Why they selected Paris is not clear to me, since the permanent seat of the Council of Foreign Ministers, according to the Potsdam Agreement, was to be London. I'm wholly unclear on that particular point and it might be a rather

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interesting one, because at the bust-up in the negotiations in October of 1945, Mr. Molotov proclaimed the meetings were wholly illegal because the Chinese and the French had been sitting in on matters that they had no right to participate in. Therefore, he wouldn't approve any of the minutes of the meetings, and insisted that the records show nothing had happened. There was a terrible row between him and Mr. Byrnes, and this was absolutely typical Soviet business that went on for three or four or five days, hours and endless hours of argument until finally they busted up.

I'd like to mention one thing, which may not be easily seen in the records, and that is that as evidence of American good faith, Mr. Byrnes left a contingent in London. The Soviets went

home. The Americans left a contingent in London ready to resume the negotiations, headed by his deputy Mr. Dunn, and of which I was a member. We sat there and I finally asked permission to come home because my wife was about to have a child, and while I was doing some other work; I was working on the preparations for the Paris Reparations Conference, and creation of the Inter-Allied Reparations Authority, or agreement, the IARA. Yes, I negotiated. So I was busy; the rest of the Americans didn't have anything to do.

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There was another reason that brought me home, and that was, I guess, the official reason, and a perfectly valid one, which is that in the absence of anything else to do I was asked by the State Department to negotiate with the British and the French on these meetings. This is a useful thing to get in because I'd rather forgotten this myself. Under the Potsdam Agreement the Soviets were allocated certain sources of reparation. We were to augment those from deliveries in the Western zone, subject to great debate, and difficulty thereafter. The unsettled question of whether there should be any further reparations, which resulted in the bust-up of the negotiations in December 1947, during Marshall's time, we've previously talked about.

Now, the Soviets were to satisfy out of their share of reparations whatever claims Poland had.

Georges Bidault, Mr. Bidault, never missed an opportunity when a reference came up to Potsdam to point out to us that France had not been present, and, therefore, couldn't comment on whatever had been agreed. He was rather nasty about it. I don't know whether it was our fault or not; I don't remember. I didn't have anything to do with that particular exercise, except to have to carry it out. I have

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expressed by views on the general reaction in Washington in a previous interview. I was absolutely appalled by the Potsdam Agreement.

Well, it was the U.S., U.K.--they were the real parties--and the French were then added. I don't know how the French got their special position under the Potsdam Agreement. I don't remember; there must have been some document which did this, but I don't remember it. Maybe because I was too busy doing other things, and didn't have anything to do with the document. They were brought in, thanks to the Americans and the British who treated them as equals and then got kicked around by De Gaulle as compensation. De Gaulle never forgot anything, so he continued to enjoy kicking us and making life difficult for us when he got back in power again. He had a long memory.

Well, we were supposed to satisfy all other claims, the claims of other countries. So, it was decided--I don't know where and by whom--but they devised some formula for inviting the reparation claimants to a conference at Paris, which took place in, oh, we must have begun in late October, almost the end of October of 1945. Now, the time for holding this conference was very short. We were doing a lot of work in Washington, but the preparatory work had to be done

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for it on a tripartite basis. So I was asked--and I think this is the kind of unrecorded history that is useful to put into the record--I was asked by the State Department, since I was there, to work it out with the British and the French.

My opposite numbers in this negotiation were David Whaley of the U.K. treasury and Mons. Rueff, who represented, I guess, the French Foreign Office. That was Jacques Rueff who participated in their later negotiations on the peace treaties, and who was a French economist who distinguished himself by being about the only economist in the world who believed that we should go back to the gold standard and abandon gold exchange standards. The gold standard had helped to plunge us into the world economic depression of the thirties, and very few people agreed with Mons. Rueff. But one of the people who did come to agree with him was General De Gaulle, when he came back to power later and this caused no end of difficulty at a later point. Rueff had a lot of odd views; you know, he is one of these people who, somehow, never catch up with the times. He maintained his views and positions--archaic, outmoded positions--with typical French logic. With great skill and deftness he would define an impossible position.

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Anyhow we didn't have to deal with that type of major monetary problem, but Rueff and Whaley and I worked out two documents for the Paris Reparations Conference. One was the draft charter of the Inter-Allied Reparations Agency, that was IARA, which was to actually allocate the reparations among the claimants. I mean, once you agreed on shares, then the agency, as I recall, was supposed to see that you got whatever it was you were entitled to: the money, land, or something like that. The military authorities in Germany would decide on it, and then, all right, let's say you had a steel plant, the Reparations Agency in Brussels, which is where they set it up, would allocate among the claimant countries.

As a footnote here, I might say this was one of the few international organizations to ever die or be done away with. Usually, as they go on you simply add more, just like Government agencies; they never go away. But I have participated in liquidating three in my life. I not only was in on the birth of this one, but I also put it to death. I mean I drew up the documents; I drew up the death warrant, the agreement for liquidating it in 1956, and so I was present at the creation and ...

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FUCHS: The demise.

REINSTEIN: No, I wasn't present at the demise. We laid out the funeral in a sense; we weren't able to have the funeral carried out until sometime afterwards.

There was another document, as I recall, which was a document I had been very closely connected with the birth of. As a matter of fact, it was my idea. It was the gold pool, the

allocation of the gold the Germans had looted. In a previous tape I have described how we fought out that battle, in which this idea came out of a subcommittee of the Reparations Committee in the State Department, of which I was the chairman. Eventually, it got adopted by the U.S. Government; it was attacked by the House but eventually was adopted. Mr. Pauley and Mr. Truman, you know, met. We had less difficulty, you know, in dealing with foreigners; frequently you found that dealing with your own people was so hard that you can't imagine anybody in another country will be as unreasonable as the U.S. Treasury or some other agency that you're dealing with. Sometimes this is true, but sometimes it becomes a trap and you haven't laid the proper basis for negotiations.

Anyhow, we didn't have, as it turned out, any great difficulty getting this out. We had more

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difficulty in the U.S. Government, I think, than we had dealing with foreigners because it was a perfectly sensible idea and they adopted it quite rapidly. I did the basic document on that, too.

I then hurried back to Washington on my first trans-Atlantic air trip, by ATC, Air Transport Command of the Army, in a DC-4 operated by personnel of American Overseas Airlines. This was one place where the U.S. Government did in fact do what it's accused of doing in a more general scale, and that is really laying the basis for U.S. domination. We did not do this in general; but in the case of the air services it was true. They were bringing the boys home from the war, and they brought them by ship. They brought them by the Queen Mary (they had 18 thousand such people on board), and they filled up every plane they could. This ferry service, which I took back, was operated by civilians who were going to be the crews of the carriers who were going to take over the routes when civil aviation got started. American Overseas, which I think was a subsidiary of American Airlines, but I'm not sure--I think both had routes into London, and TWA into Paris; those flights were actually manned by the guys who would fly the routes on the planes thereafter.

Well, American Overseas actually continued in

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existence for a few years and then was taken over by Pan Am; but in 1947, when I went into Moscow for that conference, we went on an American Overseas civil plane. We landed at the civil airport in Moscow, which was about thirty miles out of town, and the American Overseas Airline airplane was the first American civil flight into the Soviet Union. When we arrived there, unfortunately they had no ladder which would reach up to the door of the DC-4, and so to get out of the plane we had to go down a rope to get to the top of the ladder. After we were graciously invited by the Soviets to leave--I told you before about this--we discovered that the conference had come to an end. They took our pictures. I went on the first commercial flight out of the Soviet Union, also an American Overseas. By that time they had built a ladder which would reach up to the DC-4; we were able to walk on board. We didn't have to go through the exercise of climbing up a knotted rope, which I must say we were grateful for.

FUCHS: Might not have made it that way.

REINSTEIN: I've got several other stories. I was going to tell you about Paris, and a very amusing story about the Moscow Conference. I have two of them that are

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quite parallel, if you want to hear them.

The Paris one had to do with this relationship with the General Assembly. We didn't make the schedule for the peace treaties, and so, come August when we were approaching the time when the General Assembly was supposed to convene, the Foreign Ministers sent a message to the Secretary General of the United Nations asking him if he could arrange to postpone the first meeting of the General Assembly. That was done, and we then continued to wrangle there in Paris and nothing was agreed upon.

It got to the point where it was obvious that something had to be done; otherwise we would have to ask for a second postponement of the First General Assembly. This was too much for the appetite, even of the people who were engaged in the wrangling, including the Soviets, because things were becoming just a scandal. I mean, here the first meeting of this new world body was being postponed while the Four Powers were wrangling over the Italian treaty. They hadn't gotten anywhere; they were still on the Italian treaty. Well, I guess we were carrying on desultory conversations about Romania as well. Finally, orders came down, "All right, close up boys." So we were given a couple of weeks and we began.

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We then divided up. Up to that time, the Italian and the Balkan and the Finnish economic commissions didn't meet at the same time, because you had the same people sitting. So, we just divided up, and Thorp would sit in one meeting, and I would sit in another. We divided by subject matter, which worked out pretty well except on one occasion at the very end when I got my fingers badly burned on the Finnish treaty. You know I had to carry out a decision that had been taken in a meeting with the Secretary at which I had not been present. It was a very painful experience. I don't know whether it's recorded or not in my previous narrative, and if it's not, this is a reminder that it ought to be put in.

Well, we had night meetings; we just went on and on. The terrible one was the Balkan one. We had Romania, Bulgaria, Hungary to do, and Finland. Balkan and Finland. We had four treaties and we were only part way through the Romanian treaty, and so we had to race through all the rest of them. Of course, a lot of provisions were identical; but they were debated and the Soviets would have to make their propaganda points, and then we would have them written again, in three consecutive languages. And the Byelorussians and the Ukrainians made their debating points, you know. We

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had two times when we tried to speed things up. There was another time when we had to deal with the proposed amendments. Other countries could proposed changes in the treaty; it was submitted to them for their recommendations and so they put in proposed amendments. We found ourselves with these bundles of proposals--and many of them were weird and complicated in nature (this is in an earlier tape)--and the Four Powers were extremely puzzled as to what to do with this mass of paper.

Once the peace conference had started, the meetings of the Four Powers were stopped. They hastily reassembled the deputies of the foreign ministers and the committee structure, and we had separate meetings of the Four Powers in the old German Embassy on the Rue de Lille near the French Chamber of Deputies building. It's across the street from the headquarters of the Legion of Honor. These were very small meetings.

Well, first we put these things up to the committee, and when we got in the committee, the economic clauses were absolutely ghastly, because you didn't understand what the people wanted in a lot of the cases. So, as a practical matter we just divided up the amendments and sort of handed out a certain number to every delegation, and said go talk to

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whatever country it is and find out what they want. I found myself, for instance, with a whole raft of amendments which the Czechs had put into the Hungarian treaty. We had to negotiate with the Czechs, who were kind of wards of the Soviets. At least they had their finger on them. In fact the Czechs had been trying to talk to the Soviets about this, but the Soviets said, "Go away, don't bother us." Here we had the Soviet clients finally getting somebody to listen to them, the American delegation sitting down and saying, "All right, what are you trying to get at in this thing? We don't understand this language; we can't possibly agree to this. Now, what is your basic point?" "All right, I'll tell you what. I know that we won't accept it in your language, but let me go back to the Four-Power meeting--I get your point now--and let me see if I can go back and get you something on this."

So, I was acting as an intermediary between the Czechs, for example, and the Four Powers, and going in and presenting the Czech case to the Four Powers. Then we had to go up and present them to the deputies. We did this in intimate little meetings, in a room no bigger than this living room--not much bigger at any rate--which is what, 15 by 23 or something like that. We were about that size, huddled around a table with

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[Andrei] Vyshinsky and Dunn. Vyshinsky was the Soviet deputy; Vyshinsky was rather fascinating to watch; he was very witty.

They, the Russians, were asking for replacement of works of art, for example. In the case of the Italians, the Italians had taken something and the Russians couldn't find it, so they wanted a replacement. He [Vyshinsky] said, "Replacement." We had a common policy, that you find the

art work, you send it back where it came from, and you didn't go inquire into it. As a matter of fact, it was part of a formula which came out of this committee that I'd chaired in the State Department. I worked for the Roberts Commission, which was also working on this for the President. In certain cases, you simply ignored all questions of legality. If you found the Mona Lisa in Germany, you know it belongs in the Louvre in Paris, and you hand it back to the French. If there are any problems of anybody getting compensated or anything like that, let the French settle it. You know damn well that it doesn't belong in Germany, it belongs in France and you just turn it over and disregard any transaction which took place. Let the local governments settle that. We're not going to get into these complications of inquiring into matters of

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legality. Works of art get returned to the place from which they came, and if anybody had any claim for payment or something like that, then let that government work it out. We were just not going to get into those complications.

We had, also, a firm position against replacement. The Germans did help themselves to an awful lot of stuff. They bought a lot of stuff with occupation currencies, you see; we just took it all away from them, just took it away and handed it back. But replacement; if you didn't find it, that's too bad, sorry. So this issue came up, I remember, in the deputies meeting. This was our firm policy and the Russians were equally firm on it. Vyshinsky said, "Well, it's ridiculous. You say, if you had a picture by Michelangelo, you want a replacement. But what are you supposed to do? Resurrect Michelangelo and have him paint another picture?"

FUCHS: He was practical.

REINSTEIN: It was an extremely lively meeting. Well, anyhow we did make some effort to speed this thing up, but not enough.

So, here we were bogged down at the end, and things grew. And meetings were held at night. But

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still there was all this foot dragging and harassing tactics by the Soviets and the Byelorussians and the Ukrainians. The Balkan Committee then met in one of the committee rooms of the French Senate. The Italian Committee, being a very large committee, met in what was the throne room of Louis Napoleon. The actual, final plenary meetings were held in the meeting room of the French Senate, which was installed there, I guess, after the revolution when Napoleon III was ousted. It's an addition to the building; it's a lovely palace built by Marie de Medici. I think she had something to do with the design.

FUCHS: Which Medici?

REINSTEIN: Marie, who came up and was married to Henry the IV, I guess. Anyhow, it was a lovely building, with a quite modern addition; but it doesn't spoil the looks of the place, fortunately.

They had to have a room for the Senate. It was a parliamentary body, after all, so they built something onto it. But then they met in other rooms, palace rooms, and some of these rooms were rather small. The Balkan Committee met in one of these rooms which was adorned by rather macabre paintings. It was ghastly to sit and look at these things hours on end while

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listening to the speeches I'd heard dozens of times.

Well, I was sitting there one night, and the room wasn't big enough for the committee, and so we were packed in tight as sardines, and it was kind of warm. It was about 10 o'clock at night. My legal adviser, who had a distinguished career thereafter--his name is not important, for this purpose, perhaps just as well left out--had to go to the "boy's room."

Well, for the boy's room, they had a sort of coeducational facility off of a corridor which connected both the small room, in which the Four Powers meetings had originally taken place, and this vast room. This was the throne room of Napoleon III, known as the Great Hall of Conferences, or what the French called also "Le Salle de pas," "the hall of lost footsteps." This was taken from what you usually call the main place of the railway station, because you're always going to the wrong window. It's any place where you go to the wrong window, and they send you to another window, and send you to another window--this is the "hall of lost footsteps." The great conference room was humorously called "the hall of lost footsteps." Well, you went sort of down the corridor from that, and then you went to a common washroom. The facilities for getting rid of what you had to get

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rid of were segregated by sex; but you did have some unusual experiences, such as the ladies fixing their hair when you were washing your hands, and stuff like that.

Well, anyhow, my legal adviser had to push back out of his chair. We were wedged in very tightly. He pushed back and finally got himself loose, and he went off to a landing and then into this great conference hall, in which there was nobody. It was only dimly lit by some great big lamps held up by colossal statues, 22 or 15 feet high. There was very little light in there, a point which will be apparent when the story comes to an end. Anyhow, he went through there and down the corridor and eventually came back. He sort of got himself back, wedged himself back into position, and then he leaned over to me. I was sitting there with my hand on my elbow listening to the Byelorussian or the Ukrainian set out various views on something about patents and trademarks, a subject with which I was intimately familiar, having debated this with the Soviets at one time or another. Finally, I had persuaded them to accept the U.S. draft, and

despite the fact that we had persuaded them to accept the U.S. draft, here they were, the Byelorussians and the Ukrainians, arguing against it. So, my legal adviser

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leaned over to me and said through one of the translations of the speech, "Hey, guess what I found on the floor of the big conference hall."

I said, "Wha-a-at?"

He said, "A condom."

And I said, "Well, I'm glad somebody is having fun in this place; I know damn well that I'm not."

Within 24 hours this exchange of communications had been repeated all over the peace conference.

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Fourteenth Oral History Interview with Jacques Reinstein, August 3, 1977 in Washington, D.C. by James R. Fuchs, Harry S. Truman Library

REINSTEIN: All right, I have two things I wanted to do this morning while we have time. The first is to note, now, and I would like to enlarge on this in editing, the real strong bipartisan character of the foreign policy in Mr. Truman's time, although there were partisan aspects as noted in Mr. Acheson's writings. However, the origins to this, I guess, will go back to Roosevelt and to his having brought two Republicans into the Cabinet to be Secretaries of the Army and Navy, at the time after Pearl Harbor; and the large influx of people, of all political shapes and beliefs, into the Government during the war.

I think it probably would have to be said that this also happened in the early New Deal. Much of the New Deal (and I think Harry Truman can be described as a New Dealer) was based on a rather broad drawing on the skills of the population as a whole, including both parties, and there was considerable effort to engage the opposition party, the Republican Party, in many of the efforts which were made in the early New Deal.

There was very interesting commentary on this made by Ben Cohen in his speech at the New Deal dinner on March 4 of 1977, when a group of us who had been associated with the New Deal (almost a thousand in number) gathered to commemorate the 44th anniversary of Mr. Roosevelt becoming President. And it is very likely that we will have further gatherings again. I'm on the organizing committee

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of this dinner and I can say that with some assurance, because we have already decided to have another dinner next year, and we will probably have until about the 50th anniversary, at which point the numbers of originals from the early days will be dwindled quite considerably; but nevertheless there are a great many around who were active and are still active, who were associated with Mr. Roosevelt's administration. Surprisingly many, and I was one; I worked in the NRA, the National Recovery Administration, before I went to the State Department.

Now, I might just point out that my first boss in the U S. Government was Robert T. Stevens from North Carolina, who was later Secretary of the Army, and who achieved some fame for having tangled with Senator McCarthy; but he was the head of the office with which I was associated, one of the oldest people in the group. He was all of 35 years old at the time. This was known as the PRA Policy Board and it was concerned with approval of temporary code provisions that would enable people to get variations from the standards--PRA is President's Reemployment Agreement, it was called--to get the Blue Eagle without going all the way toward the enormous sum of 35 cents an hour for male workers,

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and 30 cents an hour for female workers, and a limitation of the work week to 40 hours. And an agreement to engage in collective bargaining. Those were the essentials of the agreements and that varied with variations of wage and hour rates, and code provisions. Well, there were many, many Republicans who came down and worked in these organizations. This was a while after the war. The armed forces were brought home and disbanded, and many of these people, Republicans or Democrats, went back to their businesses or their universities from which they had come; some of them stayed in the Government. But in the Truman period, new decisions were being faced, and it became important to have an understanding with the opposition on important matters of foreign policy. A foundation for that had been laid by the Roosevelt administration, although Mr. Roosevelt, I think, probably carried out his foreign policy in a rather individualistic way, to say the least.

But under Mr. Truman a little effort was made, particularly in these European negotiations. Well, I think, as you know, the Japanese peace treaty was begun during the Truman period, and John Foster Dulles was the principal negotiator.

I mention this, first, to communicate that

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there was a strong connection with Senator [Arthur] Vandenberg, which was extremely important. Many of the major decisions, major steps that were taken in the international field, I think probably would have been difficult to get through the Senate if it had not been for Vandenberg's strong support. This is all set forth in the record, the NATO treaty and then the Marshall Plan and things like that; but I'd like to mention also their participation in these negotiations that I was in. At the first, I think, Mr. [John F.] Dulles was at the London meeting,

at the Council of Foreign Ministers in 1945, as I recall; I think he was there. I'd have to look that up to be sure, but it would be in Mr. Byrnes' book.

Then when the ministers met again after the break-down on the negotiations and the resumption by the deputies without result, and subsequent long meetings in Paris, Senators [Tom] Connally and Vandenberg (and I mention them in that order, alphabetically, I think that Senator Vandenberg was the stronger of the two, more influential) were members of the delegation at the Four-Power minister's meetings and at the peace talks in Paris.

Mr. Vandenberg--I remember particularly Vandenberg, because he participated in the meetings on economic subjects, for which I was responsible,

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as I described before. From time to time he actually served as the U.S. representative on particular questions, spokesman of the United States. Thereafter, at the Moscow Foreign Ministers meeting in 1947, Mr. Dulles was there; I can't remember whether he was there in December or not in the last of those meetings. But Mr. Dulles, who later became Secretary of State, and was generally expected to be Secretary of State in 1948 or '49. . .

FUCHS: Didn't quite make it.

REINSTEIN: Didn't quite make it then. But he did get to be Secretary of State in 1953, and he had, in fact, participated to an important extent in these negotiations. He was not always, I must say, "on the side of the angels," as Dean Acheson once said to me, shortly before his death, in describing another effort to push a resolution through the Senate calling for the withdrawal or cutting down of American forces in Europe. Mr. Dulles, I think, was rather inclined in that direction; he didn't think the American people would support this. General Mark Clark and I had a disagreement with Mr. Dulles upon this subject, in a rather lively meeting of the American delegation to the Moscow Conference, in

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which we debated the provisions of the Austrian treaty. [There was] Dulles and another member of the delegation, whose names I won't mention, at least not for attribution at this time. I think I should put it down, but it will have to be "deep sixed." That was Ben Cohen, who had proposed a formula for the resolution of the German assets problem, which was kind of a neat lawyer's device for saying something that would mean one thing to the Russians and another thing to us, and allow us all to withdraw our forces from Austria and leave the Russians in virtual economic control of the country. General Clark and I argued rather vigorously against this, against Cohen and Dulles. Marshall sat there rather impassively listening to all of this and knowing perfectly well what he was going to do. He had told Clark in a telegram before the conference that he didn't expect much progress on this Austrian treaty, unless we made basic concessions to the Soviets on that subject. You know, you never are sure about these things when you get into an

argument like that, and Marshall sat there with an absolutely impassive face, not a twitch of a muscle, and then he kind of quietly came down on our side.

That's a rather interesting piece of

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background, I think. I thought I'd just put that in while it was on my mind.

Now this was just policy, bipartisan, really trying as far as you could to stop partisan quarreling at the water's edge; it was really, I think, characteristic of the Truman administration. It obviously had its difficulties, because it's hard to be completely neutral on matters of this kind, but it was a real effort, I think, on the part of the leadership in both parties to try and arrive at what was really in the national interest and to look on foreign policy as being something which was different from domestic policy. Times have changed, I must say, and it's very hard now to draw any line between what's foreign and domestic in the economic field..

Now, I'm going to go on to try and see if I can begin to put down at least general headings for the years following 1949, which I described in detail, and for which there really isn't time to talk about in detail in the remainder of this interview. I've tried and tried, and I have not gone back and looked at my notes in detail, nor have I consulted either any of the books or any of the records which were available. I did not take any papers out of the State Department. I was required on retirement to

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sign a piece of paper saying I was not taking anything. And I had expected to take some papers. I thought I would be allowed to take my unclassified papers, but the terms of the statement I signed, I interpreted to mean that I couldn't even take unclassified papers. I could take documents, but I couldn't, for example, take telegrams. In my last negotiation in the United Nations, I had sent, except that on highly sensitive policy matters, everything unclassified to New York, to avoid difficulties of coding and decoding; that which generally, I thought, wouldn't present any particular problems. That was in the terms, as I interpreted it, of my . . .

FUCHS: Even though you had copies, the originals were other places in the Department..

REINSTEIN: That's right, they were in the main files; these were just my working copies.

FUCHS: Some people didn't observe this quite as stringently.

REINSTEIN: Oh, I observed it quite scrupulously as a matter of fact. I discovered when I was about to retire that, as a Foreign Service officer, I was required to "clear the post," and you have to settle

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up all sorts of things. They charged me with the loss of a book. I'd borrowed one of the four volumes of Adam Smith's *Wealth of Nations*, to see if I could find a suitable quotation for some purpose. Volume I of the *Wealth of Nations* was missing from the State Department Library; their edition of Adam Smith's, I think, was 1850 or something like that. People don't read Adam Smith very often, I gather, and I don't know how long this particular volume had been missing. It was lost sometime between 1850 and 1971; but it's kind of hard to pin down and know exactly where it was. I wanted an introduction in the Volume I, actually, but I took the second volume, and they charged me with the loss of it. I quarreled with them about that and I regret that I did now, because had I been wiser I would have left this alone for a while and my final paycheck would have been delayed three weeks and I would have had to pay a considerably lesser sum of income tax. Well, an interesting sidelight.

Well, as I say, I have no documents except documents available for the public, and I don't even have those handy.

FUCHS: We found, recently, with the State people that many of them claim that they took nothing with them, whereas with other departments we haven't found that

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quite so frequently.

REINSTEIN: A Civil Service employee doesn't have to sign this document, I think; he just retires. This is a requirement of the Foreign Service regulations and the Foreign Service officer has to do certain things. I guess Civil Service required you to do some of them.

FUCHS: Yes. We have a form we go through, turning in keys and certain things. I don't suppose there is anything about papers in there.

REINSTEIN: I cleared the post in Rome, administratively, although I was just attached to the Embassy in Rome for administrative purposes; I was really a serving officer in NATO. I had to do a double there; I had to clear both out of NATO, because I was under the headquarters, NATO Defense College, under the headquarters agreement; but the Embassy required assurance that--well, it was NATO Defense College I guess--I had to leave a deposit of money for about six or eight months to ensure that all of my bills were paid, with someone. I think that was NATO that required that.

FUCHS: This is common in the military to have to go through all these things. The officers when they

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clear the post have to fill out all these forms.

REINSTEIN: Now, for those reasons, having scrupulously observed the regulations, I don't have any papers. I have to rely on my recollection and such records as I have. We're dealing with a period for which documentation is not yet available to the public.

Now, I have noted down my heading for 1950 is "Germany, a Year of Decision."

Before I get to take up 1950, however, perhaps I should--I'm looking as we do this at Mr. Acheson's book *Present at the Creation*, and I think that one point I missed in the discussion of 1949 was the establishment of a rate of exchange for the German mark after the devaluation of the pound sterling. I have not had an opportunity to go through Mr. Acheson's book carefully, and as I edit and develop this I want to relate what I say to what Mr. Acheson says, because that may be helpful.

I might just note briefly that when we occupied Germany we had set an accounting rate for the mark at ten to the dollar. This was prior to the currency reform, and there had been, of course, large-scale black marketing by the forces. As I said on an earlier occasion, I was going to put into this record sometime some of my views, or my recollection of what happened, and my views about the treatment

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of this subject that I considered quite scandalous and irresponsible; the military was really to blame for it.

Prior to our entry into Germany, I and the representative of the Treasury had argued vigorously in a committee called the Ad Hoc Committee on Fiscal Planning, which was really what would have been, had it ever met, the American side of the financial subcommittee of the Combined Civil Affairs Committee, which operated under the Combined Chiefs of Staff.

FUCHS: Who was the Treasury representative?

REINSTEIN: Well, the Treasury Department representative varied. Sometimes it was Mr. Harry White himself; more frequently it was a member of his staff. As I recall one particular argument, I think it was William Taylor and I conducted a rather vigorous debate with the people from the Civil Affairs Division, urged most strongly measures be taken to prevent black marketing by the troops, and were told that it shouldn't be done, it would interfere with their morale. Well, I don't know whether it interfered with their morale or not, but it didn't do much for their morals; and the American taxpayer got taken to the cleaners, to the tune of about, oh,

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I don't know, a number of billion dollars. What happened after that when the forces drew appropriated funds to get occupation currency for troop pay, as distinguished from civil administration which didn't involve the use of appropriated money, they were required to deposit the appropriated funds into a special account in the Treasury, which was to be held pending the

determination of what should be done with it. In fact, what happened was that as the troops engaged in black-market operations they would convert their marks into--well, if they got locally printed marks, they'd convert them into occupation marks, and then they would send them home by postal money order, just as simple as that. And at the end the whole of the account was depleted, and there was an overdraft in the account-- which was between Germany, Austria and Japan--of about well over a half a billion dollars, plus whatever amount should have been in the account. In the case of Italy, we did draw on that account to help feed the Italian population.

FUCHS: This is which, sir?

REINSTEIN: This was the troop overdraft . . .

FUCHS: This was the troop overdraft that you referred to in the first interview?

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REINSTEIN: That was the troop overdraft that I referred to; and then there was a further outrageous action by the military. It's a lot of money, and there was a further outrageous action in that respect by the U.S. military government in Germany, I used to get purple in the face every time I went through with it. They really robbed the poor to make up part of that account.

When they began trading at the beginning, they had very complicated arrangements; I don't recall exactly what they were. Later, they began, I think, requiring payments in dollars, at some point, and for that purpose they established the value of the deutschemmark at (I think it was called the deutschemmark; I don't know what it was called--the mark), at 30 cents to the dollar for trading purposes...

This occurred, I guess, in September of '49, and there was no established rate of exchange, as such. There was only an accounting rate and a trading rate, and the German government wanted to establish a true exchange rate. They proposed to put the mark back, to devalue it for trading purposes, and to establish it at its old historic par of 24.67 or something like that against the dollar, in gold. There was quite an argument about

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that, and I found myself on the receiving end of a telegram one night; I think it was September of 1949. I was called by the duty officer of the State Department who said there was an action telegram for me, what was called a NIACT-- NIACT meaning immediate action. He said, though, it's from Paris and it's addressed to a lot of people, and he didn't see how anybody could do anything about it.

Well, I was in the shower sometime before 11 o'clock, and I said, "I think I had better come down and have a look at it." I discovered it was from McCloy. There had been a meeting of the Allied High Commission in Berlin and the French had raised various objections and wanted to impose various conditions on this action. So they decided to fly down to Paris in McCloy's plane

where they could talk with the French authorities directly. It also involved Mr. Harriman who was in Paris with the U.S. regional representative of the Marshall plan and had an overall view of the European situation. So, at the outcome of their discussions they cabled them their recommendations, which I began to go over slowly at somewhere around midnight. Once I saw what it was, I called Byroade--Colonel [Henry] Byroade who was then the Director of the German Bureau--on the telephone and said to him, "Hank,

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we've got a big problem on our hands, and we're going to have to wake up everybody in Washington. Think you'd better come down here and help me." We had had a request that we give them an answer by 9 o'clock in the morning their time, so that they could reply to the German cabinet which was meeting at 10.

Well, he got on the phone and he began waking up people all over Washington. Thank heaven they had installed a code machine in our new headquarters in Mehlem (having moved from Frankfurt near the High Commission) where McCloy was arriving. McCloy was arriving at the Bonn airport, the big military airport, at 9 o'clock or something like that. I finally typed out on a telegram for a single sentence telegram to McCloy saying, "The U.S. Government agrees," signed it, and turned it over to the duty officer of the State Department. I said, "Send this to Bonn. Tell the officer or whoever is at the other end of the line that this message is to be delivered personally to Mr. McCloy when he gets off the airplane at the Bonn airport at 9 o'clock; and I want confirmation back that he received the message and that he understands the instruction."

I received the confirmation about 40 minutes, or something like that, before Mr. McCloy's plane

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was to arrive. That is the time necessary to get out to the airport and deliver the message which we sent clear, or uncoded, I think. No, I guess we couldn't have; we had to have a code machine because it referred to a classified message. You can't refer to a classified message in an unclassified telegram, so it was important that we have a machine. Otherwise I guess we could have sent it; we could have sent it clear if I had thought about it. This was just a simple message. But, anyhow, we just barely made the deadline.

Well, I won't go at this time into the character of the French position because it's part of the story, of what the real argument was about. I leave that to be developed a little bit later.

Now, in looking at 1950 I described it as being a year of decision in my notes. I notice that Mr. Acheson has a somewhat different heading in his book. He and I were both at Frankfurt at the same time. He came over and met with [Konrad] Adenauer when he went to Berlin. He was doing at a higher level the same thing I was doing, and he spent less time. I may have seen Adenauer. I can't remember when I first met Adenauer, but I guess I met him fairly early.

I meant to mention also that while I was in

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Germany the Germans took the decision to establish the capital of the Federal Republic in Bonn rather than in Frankfurt, which was [omitted]. I won't elaborate on the role of the U.S. military government, the U.S. Government, in that regard.

FUCHS: How far is Bonn from Berlin?

REINSTEIN: Oh, Bonn was on the Rhine and quite a distance. Berlin was not part of the Federal Republic. It was under Four-Power control, although the West German constitution, the Basic Law, provided that West Berlin would be one of the states of the Federal Republic. The three Western Allies, under the exercise of their reserve powers, suspended that part of the German constitution. It was laid in suspense in order to comply with the Four-Power agreements with the Soviets. Berlin was under the direct control of the occupying powers, acting on the assumption of supreme authority following the collapse of Germany. We still exercise supreme authority in Western Berlin. As a matter of fact, we have abandoned the use of the term "supreme authority" in West Germany. We reserved certain rights there, deriving from the function of the supreme authority; but it was all very, very complicated. Anything relating to

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Germany is terribly complicated...

FUCHS: I perceived that.

REINSTEIN: A friend of mine once said that he was sorry for the people who worked on German affairs because at every meeting he went to, the first half hour was spent by the people from the German office explaining the background so that you could see where this fitted into this network of complexity.

FUCHS: Did anyone understand it all?

REINSTEIN: I think there were a number of us who understood it quite well. Whether we ever understood everything, I don't know. On the Berlin problems, I suppose they have their agreements now with the Soviets, which kind of consolidated the situation, but in the days when I worked on Germany the questions of access to Berlin were of such an extraordinary complexity that there were very few people who understood it. And their understanding was usually limited to some specific aspect, like the air corridors. We'd have people that would know about the air corridors, but they wouldn't know about, say for instance, your rights on the ground--if you arrived by road or rail. So I don't know that there was ever anybody that knew everything. I

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got pretty expert about it after working on it for nine years.

Well, now, turning to 1950, when I came back after my first visit to Germany, I reported that things seemed to be pretty well in hand except the problem of the payment of the debts and the status of claims against Germany. That necessitated the maintenance of the state trading organizations, which I've referred to before. I said I thought something ought to be done about that. I appointed a committee to go into it and not much came of that; but we'll deal with that as we go along.

Now, when the occupation statute was drafted rather hastily at the time of the Foreign Ministers meeting in Washington in 1949, following the signing of the NATO agreement, I argued that we should seek some understanding with the British and the French as to how we were going to exercise the rights we had reserved under the occupation statutes. I must say I didn't get anywhere with that. We didn't really have any agreed Allied policy about how to deal with the subject of the power to exercise. Very early in 1950, Colonel Byroade took Perry Laukhuff, who was the Director of the Office of German Political Affairs, and me--I was Director of the Office of German Economic Affairs--off of our

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jobs. He told us to go sit off, detach ourselves completely, from the regular running of the office, turn it over to a deputy, and to think out what we wanted to do as we went forward in dealing with Germany. We were to write a paper on the subject, not consulting with each other.

Well, Perry and I went off and spent some time writing papers. My paper ranged rather widely. I'd be interested in looking at it if I could find it in the files somewhere. It tried to put the German problem in a very broad setting. My paper went so far as to propose certain reforms in the United Nations in order to accommodate the German problem. Byroade took these two papers and added some stuff of his own. He consolidated his own thoughts and Laukhuff's, and borrowing from Laukhuff's paper and mine, produced a single paper that set out a proposed U.S. policy with regard to Germany on the basis of dealing with the British and French.

Now, my paper made two points, as I recall. One was that if we didn't have quite clear and firm policies, we would find ourselves under pressure from the Germans to abandon our rights in Germany without necessarily achieving any agreed objectives. We would have to give in, as time went on, to political pressures. Events would drive us in this

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direction. I might say by way of background, that the Germans were discontented with the occupation statutes. They felt it was too severe, that it limited their rights to govern themselves and to establish normal relations with other countries. It simply defined subject matter; it didn't say what we would do. There was no agreement on what we would do.

So, what I proposed was that in each of these fields in which we had reserved rights, we could either be prepared, except in the case of armament and certain aspects of foreign affairs, to abandon or limit our rights very severely. We have to maintain our rights with regard to dealing with the Soviets, of course, in Berlin; but we should either abandon or severely limit our rights if the Germans gave us certain undertakings which would in effect achieve our objectives. In that way we could achieve the purposes of the occupation and make the Germans pay for abandoning our rights by requiring them to meet certain objectives agreed upon by the Allies.

The other point, which I think I made in the paper, was that while we were going around saying that we should deal with the German problem by integrating Germany into Europe, there was in effect

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no Europe into which to integrate Germany. This was a rather empty phrase, and we were kidding ourselves if we thought we were doing anything but mouthing a meaningless phrase.

Well, it happened that Acheson used to meet once a week with the head of the planning staff; that was Nitze at that time, I guess. The counselor was Bohlen and one other fellow. The four of them would, once a week, look at some area which was not a crisis area. I can remember Acheson saying one time that a short term problem was one that had to be solved right away; a medium term problem was one to which you needed an answer tomorrow morning; a long-term was one that you could put off until next week, thank God. Anyhow, it was really a great idea, to look at places before they became crisis areas. Germany was rather quiet at that particular time. So, this order came down from the group that they would like a paper on Germany, and it went right up to the Secretary and his advisers and they looked at it and said it looked pretty good. So that became American policy. It was an extraordinary coincidence. It didn't go through the normal clearance procedures or anything. Here was a full blown policy document. It went up to the Secretary of State who gave his stamp of approval and that was that.

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There was nothing in it which gave offense to anybody, except this comment which I had made about there not being any Europe in which to integrate Germany. People in the European Bureau said, "Well, you're such smart alecks, why don't you come up with a proposal?" We said in the German Bureau that our expertise was really basically on Germany, such as it was, and we weren't competent to make a proposal on Europe. But I finally sat down and wrote a paper on what to do about Europe, coming up with a recommendation that would establish a North Atlantic Confederation. We had sort of an inner circle of continental countries that were tightly connected, that would include Germany and France, but allow a sort of looser European organization. And to insure the cohesiveness of all of this, to pull it together, you bring the United States and Canada into an even looser connection. A lot of people were thinking in these terms about that time, and there was a resolution that had been introduced in the Senate calling for something like that. Georges Bidault, who was a foreign minister, or maybe he was a prime minister--I guess he was prime minister, or president of the French republic--made a speech talking about some kind of tent organization, or roof organization, of a rather broad character.. [It

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called for] something that would be wider and more embracing than the existing network of agreements, including NATO, which was then military, and the Council of Europe, the Brussels pact, and all these things. There was a feeling that you needed to have something that would sort of bring all of these things into relationship with each other. So this emerged.

FUCHS: The European Defense Community. Or did that come later?

REINSTEIN: No, that came a little later. Well, what happened was that in May we had a meeting of the three Western foreign ministers in London.

FUCHS: That was '50, now?

REINSTEIN: This was '50. And that meeting was the most far-ranging Three-Power meeting that I have attended, and that I think was ever held. During this period, I went to all these meetings, generally; not all of them, but I went to a great many of them. This one was highly organized; it had committees and subcommittees.

Well, the meetings were held somewhere around the beginning of May. I haven't had a chance to check with Acheson's book; I can't tell from my own

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records here. There was a reception given by the British Government on the second; we met so frequently that my record is absolutely blank. We just met continuously. There was a reception, which I guess was the kickoff for the meeting on the evening of the second, and there was a ministers' meeting on the twelfth. I guess we probably met all the time in between. There were committees for every part of the world. There were three committees on Germany, because Byroade, Laukhuff, and I each sat on a different committee. We were so busy that we had no time to consult each other. But, on the other hand, having done our planning beforehand and having had the Secretary's approval for the general lines of what we wanted to do, and having a real understanding of what we wanted, we didn't need to consult each other. I must say it was an absolutely extraordinary meeting that covered a lot of things.

Now, one of the topics that I had to deal with in that meeting was Articles 18 and 19 of the agreement to establish the International Authority for the Ruhr, that is, to control the German coal and steel industry. The French, just at the end of the negotiations, had established the Ruhr authority, and had extracted from us an agreement--

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they threatened not to sign the agreement unless we did this--an agreement to establish control over investment, and in the Ruhr, the coal and steel industries. Well, the exact content of these controls was not specified and was left to be determined in future negotiations. The French

Government raised this with us, and said they wanted this discussed at the ministers' meeting, so, because I was dealing with economic subjects, it fell under my responsibility. We had papers prepared on various subjects; this was one I had been into at an earlier stage. I had chaired the committee which actually wrote the instructions to the American negotiators for this agreement.

Probably the last set of written instructions, in the old-fashioned character, were written in the Department of State. This was the kind written on long paper and said: "The Honorable Lewis Douglas, American Ambassador, London England, Sir:..." Then it said, "The Secretary of State presents his compliments to you and has the honor to instruct you as follows:," and then there followed a long detailed instruction. A classic paragraph is that "if any matter arises which is not covered by these instructions you should consult with the Department of State..." [There was a] very long and detailed

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statement of U.S. objectives and detailed instructions which were worked out in committee, about the subject matter. Mr. Douglas' deputy, Wayne Jackson, sat in on these discussions and was then dispatched to London to negotiate. London was a great inter-Allied coordinating center in those days; it continued to be so, basically, from about 1945 until 1952, except for a few Paris meetings--meetings connected with NATO. With the consolidation of NATO in Paris, the site of most of those meetings shifted to Paris, although some continued to be held in London well into the fifties.

Well, we brought together a very prominent group to work on that particular subject when the basic agreement was being worked on. It was just one of a vast number of subjects which were being dealt with at the London conference including the Near East and the Far East; the committees dealt with almost everything. I had asked that a paper be prepared on this subject. Shortly before I left I was given a forty-page paper which said nothing virtually. It merely described the background of the problem, and then said that if this matter were raised by the French, "The U.S...representative should adopt an inquiring attitude." I'm quoting

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directly. I remember that rather painfully. I looked at this paper that I was given before I left for London and I said, "What is he supposed to do next after that?" And not receiving an answer I said, "Well, in that case you know what the U.S. representative will do; if he has no instructions he will deal with the situation as it appears best to him under the circumstances..." And this is what happened.

It was at that time that the Schuman plan was being discussed within the French Government. My opposite number on these particular discussions was Mr. Herve Alphand, who later was responsible for a variety of negotiations. He was Secretary General of the Foreign Office at one time, Ambassador to the United States at another, and presided over the European Defense Community negotiations. I knew him quite well. I had been dealing with him and Couve de Murville since the peace treaty negotiations in 1945.

FUCHS: And he translated for Alphand, is that right?

REINSTEIN: I beg your pardon?

FUCHS: Couve de Murville translated for Alphand; I think I read that someplace.

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REINSTEIN: No, I don't know.

FUCHS: I think it was Couve de Murville.

REINSTEIN: Could that be Couve, I don't know.

FUCHS: It was in Acheson's or Kennan's book.

REINSTEIN: Well, I'll look it up; that seems ridiculous, since they both spoke beautiful English.

FUCHS: I JUST WONDERED WHY Couve de Murville would be a translator.

REINSTEIN: Oh, well, what I would say is, you may be pressed into service to be an interpreter under various circumstances; I have been. He probably acted as an interpreter to somebody like Schuman. Schuman thought he spoke English, but we used to be worried about this and our French opposite numbers were worried about it because we were afraid that maybe he didn't understand everything that was being said and we wanted to be sure that he did understand. We rather preferred that he not show off his ability in English, but listen to a careful translation into French and make sure that we were understood on it; that he had clear-cut understanding on the subject.

FUCHS: That's an interesting sidelight.

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REINSTEIN: Yes. As a matter of fact, I talked with the French about this myself and said that we were somewhat bothered, that we didn't think that Mr. Schuman's English was all that good, and we would really prefer that there be a translation; they said, well, they would, too. I forget at what time that took place. But you can be pressed into service. I guess it may have been early '51 when we had some meetings at which there was no translation between English and French; everybody spoke his own language without translation.

Now, Byroade didn't have French. I was sitting next to Byroade. I was advising him, and was trying to keep the U.S. record of the meeting, which was on subjects that I had to deal with. I was doing simultaneous interpretation into his ear when the Frenchman spoke. I can tell you it's

a rather wearing job to try to do all three of those at the same time, and, as a matter of fact, I slipped into one of the classical errors of interpretation, which was to interpret, under the strain, literally one of the words in French, which if I had been doing only one thing, instead of three, I would not have done. I threw the meeting into confusion by my error in translation which had to do with the French word "comptroller," which does not mean control. It

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doesn't have the concept of hardness of control as the English word has, but a softer surveillance. It's what they do when they punch your ticket when you get onto a railway or something like that; to control it in that sense. I mean you verify something. It's a lot softer term.

Well, what I was saying was that what's called the Schuman plan, which I guess was really Monnet's plan, was...

FUCHS: You think it was Monnet's idea really?

REINSTEIN: Oh yes, it was Monnet's idea that was being debated, but Monnet had nothing to do with the earlier negotiations. The earlier negotiations reflected a French viewpoint which was quite different from Monnet's viewpoint. Now, going back to this debate that went on about the unification of Europe, in the State Department, there were two views: one was that you should go at it on what was called a sectoral approach, and the other, which was that you should go at it from an overall political approach--the view advocated by the German Bureau. The European Bureau I think tended to the sectoral view although I think it was eventually persuaded to ...

FUCHS: What was the word?

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REINSTEIN: Sectoral, which was that you took particular aspects of your inter-governmental relations and tried to get unified action on them. The Schuman plan is a good example of the sectoral approach, limited to the coal and steel industries. The viewpoint of the German Bureau was that the approach would be a broad political approach, and this was reflected in our paper which eventually went up to Mr. Acheson and it was rejected by him. In other words, the German Bureau's view, drawing somewhat on American experience, but also on European experience, particularly in Germany and Italy, was that unification had to be accepted as a political goal and looked at as a political act, and that once you had adopted the idea, then you had to take the necessary steps to give it effect. This had been the experience of the United States; it had been the experience of Germany, and it had been the experience of Italy. This was the way that you forged unity. They had never achieved unity in Italy, and it had never been, really, very effectively achieved in Germany. I think on the whole the United States had come farther in that direction.

FUCHS: How did you look upon Bevin's extreme reaction to this proposal? Why was he so exercised about it?

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REINSTEIN: What, the Schuman plan?

FUCHS: The Schuman plan, yes.

REINSTEIN: Well, I was going to say that I think that perhaps the negative attitude that we took on the development of the Ruhr Authority may have had some influence on pushing the Monnet approach through the French Government. I don't know whether there was any evidence to support this, but certainly, the fact of the matter is that in time sequence, we took a very negative position to the development of the Ruhr Authority in the London negotiations. The matter came up in the French Cabinet and was adopted, and it was announced during the course of this meeting. It was enthusiastically greeted by most Americans, I must say. I had some reservations about it myself; I thought it would result in a gigantic cartel. It also gave the coup de grace to the political approach, because it really meant that you adopted the sectoral approach and this was not what we wanted in the State Department's German Office. We wanted a much broader approach than that, so I was not at all enthusiastic about it.

Now, Mr. Bevin was unenthusiastic for a wholly different reason. The British were spoilers, you know; they didn't like to see people get together

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and do things in which they weren't a part. That's a very clear, simple explanation. They've always liked to have their thumb in there somewhere, but not to have too much in the way of commitments. This is not an uncharacteristic attitude on the part of any large power, including the United States. We have been big enough, most of the time since the war, to be able to act in sort of a broadminded way. You know, when we get down to some things where we're subject to a lot of pressures from people, like airlines, or something like that, we can be as great stinkers as anybody else, and even greater, particularly if you've got congressional pressures involved and special interests of that sort. Still, we've obviously taken some high-handed attitudes on various matters of one kind or another.

You were saying that Couve de Murville, according to Acheson's book, translated from French for Schuman, although he understood most of the English. Well, incidentally, Couve de Murville was his last name, because people used to think...

FUCHS: Maurice.

Reinstein: Yes, a lot of American thought that Couve was his first name. But Couve's English was extraordinary.

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FUCHS: The funny thing is this sentence says, "Schuman, speaking in French, translated by Couve de Murville, but understanding most of the English."

REINSTEIN: Yes, that's right; yes, he did.

FUCHS: So de Murville was giving in English, to the other people, was Schuman speaking in French?

REINSTEIN: That's right. And there was no translation back probably from English to French. Now, if Couve was there and Schuman misunderstood, Couve would have caught it. He was sufficiently high-ranking to say to Schuman, "Mr. Minister, I'm afraid that you perhaps haven't quite gotten the ..."

FUCHS: You're not quite with it.

REINSTEIN: Well, he would put it in a rather less diplomatic way. You see he would be sitting right next to him. On the other hand, if you had a situation in which it was being dealt with by a more junior officer, like Sauvagnargues at the time, who was down the line at somewhere around my level, who would be sitting behind, it might not be so easy for you to talk to the minister and tell him that he was not doing the right thing. However, there have been meetings at which this has happened, in which ministers have argued with experts on the other

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delegations. There have been two disorderly meetings, one in Rome and one in Lisbon, tripartite meetings, that I will come to when I get down to the more detailed description of it. Really, I mean they were ghastly at the time, but rather amusing to think about in retrospect.

FUCHS: I suppose that we should finish the point that you were making.

REINSTEIN: We were talking about the Schuman plan. Well, I said the British like to have their finger in these things; and they ought to be committed. Well, the United States does the same thing frequently. The important point, for example, in these later negotiations that I'm going to discuss at another time, will be, you know, the sensitivity to exactly what the U.S. commitment is. This is the point on which you have to be very clear about when you're dealing for example with a treaty. A treaty is--and some of these things were treaties--the supreme law of the land, and has a status higher really than legislation passed by the Congress. Anything that is a treaty has to be dealt with extreme care both by the executive and the Congress; and the Congress is very sensitive to this. The kind of thing that you deal with when you present a

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treaty to the Senate is to make very clear exactly what the extent of U.S. commitment is. We had a lot of trouble in the early days of the Eisenhower administration, because they had--not in the treaty field but in the executive agreement field--gotten rather sloppy about this. This was a sloppiness which developed I guess during the days of the previous administration, perhaps; I don't know. But I must say I got my fingers burned a couple of times when I was director of German Affairs, and I discovered that documents were negotiated without proper clearance and without proper review.

In one case at a signing ceremony, Mr. Dulles refused to sign the agreement. It had been carried on without my knowing what was going on. You know, it was one of those things that I inherited when I came in. This was the kind of thing really, where you do get your fingers burned, where something has gone so far that it escapes from your control and review. Certainly, there were two agreements, the one a cultural affairs agreement and another a civil aviation agreement on which I got my fingers burned. When I became Director of the German Office the negotiations had been carried very far, and they were just at the point of signature and I had nothing to do with them. I didn't know anything

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about them, and then suddenly found that they blew up in my face.

FUCHS: Why would Dulles get to the point of the ceremony? Hadn't he read it prior to then? It sounds as though he just suddenly...

REINSTEIN: He hadn't read it and I hadn't read it.

FUCHS: ...was to the point of signing.

REINSTEIN: Well, the thing was that the documents hadn't been properly examined and reviewed beforehand, and he sensed this somehow, and when he started looking at it he didn't want to sign it. So they had to postpone the thing until it was reviewed and they were able to say to him that there was a text which was proper and was all right. I don't remember the details of that, but as I say it was a painful experience for me. So, when I dealt with one [of these situations] I made sure that the thing was right before I took it up to someone.

One time--this also was during Dulles' tenure--I was negotiating a document involving revisions of the '52 agreement. A separate document had to be signed by the foreign ministers; it had something to do with prisoners of war, I think. Anyhow, whoever had the text of it galloped into a NATO meeting just

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as the ministers were breaking up a meeting, apparently intent on getting the signatures of the British, French and American foreign ministers. I realized what was going on and I was trying to grab him before he could get to Mr. Dulles, because I hadn't discussed this with Mr. Dulles and I

were going to present this to him. Well, the meeting broke up and a surge of humanity overwhelmed me; everybody was trying to get out of the door. I lost track of this fellow, and sure enough he got to Dulles and Dulles took the paper but wouldn't sign it.

I was summoned to the American Embassy to explain this paper the next morning, and I apologized to Mr. Dulles. I said I had tried to stop it from being given to him, but I had been prevented from doing so. He looked at this with considerable distaste after the initial approach, but finally after I had explained the thing he picked up a very cheap ballpoint pen and signed it. I thought rather wryly to myself, "Maybe I should have asked him for the pen as a souvenir."

Well, there's a great deal more that happened in the year 1950. My list goes on, and it's not complete. This ministers' meeting did reach decisions on Germany in May and set up a group in

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London which worked for the next year. We did a major job in laying the basis for the foundation of the tripartite Allied policy. Mr. Douglas was our principal representative and I was his deputy in that. Later, after he left London he was replaced as principal representative by Julius Holmes. I spent about a year in London. This all then fits in with the Korean War, the decision to revise the occupation statutes, the beginning of the German debt settlement, the decision to rearm Germany, and a variety of complicated negotiations which went on through 1951 and into 1952. And that is a long, complicated story; I guess that we should stop here.

I've got main headings and my headings, I don't think, as I look at them, are complete by any matter of means, because I keep thinking of additional things. As I go back and look at my diaries, and just look at the meetings I attended in my wanderings between Washington and London, Paris, Bonn, Rome, Lisbon, Frankfurt, it was an extraordinarily complicated and intricate set of negotiations. But they laid the basis for much of what has happened in European developments, in trans-Atlantic relations, from that time to this.

FUCHS: I had here that the European Defense Community was worked on in '52, in the spring at Bonn, and

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then it was signed by Germany not until May 26 of '52. I was thinking that it was earlier than that.

REINSTEIN: No, the proposal was made in New York in 1950, but the agreements were not signed. Well, that was not signed at Bonn. There were two sets of agreements signed; one was signed in Paris and one was signed in Bonn. I think the EDC treaty was signed in Paris where it was negotiated, and the Bonn agreements were negotiated in Bonn and were signed there. They were both revised.

Well, the EDC failed, but the general substance of it was then subject to these rather critical negotiations that took place, very hastily following the defeat of the EDC treaty. There were the conferences in London and Paris of September and October 1954, and the preparatory meetings which were held in Paris, London and Bonn for those meetings. I was one of the participants in the Bonn part of that exercise, and I also attended the Paris and London meetings. This is really around where I would want to finish up in describing the Truman era, because it was the completion of work undertaken by the Truman administration, although it wasn't actually completed until the succeeding Republican administration.

Do you think that covers about as much...

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FUCHS: As we can for today, yes.