

(Slight revision of initial notes, which are on file)

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Interview with

MR. PAUL HOFFMAN

28 January 1953

(At the Ford Foundation office, 655 Madison Avenue, New York City)

71-75, 76,

1. (An effort to confer with Mr. Hoffman before leaving for Europe, in late October 1952, was unsuccessful due to conflicting obligations on his part. Subsequently, he received our preliminary outline and a list of persons interviewed to date -- in the U.S. and in Europe -- and agreed to set aside time for a good long talk in New York -- HBP).

2. I've read your outline and think it's excellent. It's well thought out. I have no real criticism -- though it looks like it will be a long book. You have the right subjects, and the right emphasis on lessons gained. It progresses. Of course, everything depends on how you treat each subject.

3. There is still a need to promote an understanding of what ECA was all about. People still think of it as a great charity.

4. I agree with the idea of a critical approach. I was against a governmental report. This work should be a source.

5. (At this point I outlined our general approach -- looking toward a volume of 350 to 400 pages, addressed to a relatively wide lay audience with heavy reliance placed on interviews and key documents, etc. -- and I expressed a desire for Mr. Hoffman's criticism of this approach and for his continuing advice.) PH: "That goes without saying." It may be best if you can come to Pasadena at some later date, where we can talk with some of my records at hand. I am talking now from personal memory only, and it may be faulty; you'll need to check it.

6. Is the project now firm, so that no one could stop it? (In reply to this question, I referred to provisions in the contract which call for delivery of a finished manuscript to MSA, with MSA having a voice in any decision regarding publication, noting specifically the provision that the text would be submitted for review to Messrs. Hoffman, Foster, Harri-man and Bissell. I added that, so far as I knew, the project had not been discussed with Mr. Stassen.) PH: Maybe that's where I can help -- with Harold Stassen.

7. In the Marshall speech, he accepted the proposal. Many proposals are made. He took the responsibility of accepting and putting forward the idea. And he contributed the prestige of his name.

8. He threw out an imaginative new concept of foreign relations.

9. It was, you might say, a "looping forward pass", which Bevin "picked out of the air". To continue the football analogy for a moment, Bevin then called for a "huddle" with Bidault, Molotov and others.

10. The details of that conference are very important. You should get that story fully. (Follow up)

11. Several things came out of that meeting. For the first time -- as a result of the Molotov walkout -- it was transparently clear that Russia was not interested in European reconstruction, but in chaos. It was the first time that I was fully convinced that Russia was against reconstruction and the evolution of a peaceful world.

12. The second great thing that emerged from that conference was the decision to form the **CEEC**.

13. The work of Oliver Franks at that time has never been adequately recognized. He was "the man of all people who laid down the principles that should guide European cooperation". The State Department's work et cetera was monumental. But it would have had no effect unless addressed to a program. The framework for such a program was set by Franks and the CEEC.

14. From a public relations standpoint, I think the work of the Harri- man Committee was crucial. It was an appraisal with the participation of representatives of business, labor, agriculture and the public general- ly. It was well conceived, and was taken seriously.

15. The report was due largely to the tireless work of Dick Bissell; he was "it" -- pulling together a vast amount of material, selecting what was most important, and preparing an effective presentation for the committee and for Congress. "How he did it, I still don't know." On the technical side, Dick Bissell was the great figure.

16. The Herter Committee report was also most important. Without it, the program couldn't have gotten Congressional approval. It was a bi- partisan approach.

17. Both of these reports were of monumental importance. (In answer to a question, Mr. Hoffman indicated that he did not attach anything like the same importance to the Krug and Nourse reports.)

18. All of this culminated in the 1948 Act. "It was probably as well- conceived a piece of legislation as was ever put on the books in the U.S."

19. "Vandenberg was the giant on the Congressional side. It was his leadership, both intellectually and legislatively, that led to the al- most unanimous agreement given to the ECA program".

20. Thus three men stand out: Vandenberg on the legislation, Bissell on the technical side, and Franks for the development of a practical plan of European cooperation.

21. Question: Would you care to say anything about the circumstances sur- rounding your own appointment? Reply: Truman's choice was Acheson. Here's what happened as Vandenberg told it to me. Truman sent for Vandenberg and said to him: "Senator, I have the ideal man" and then he spoke of

Dean Acheson. Vandenberg answered: "Mr. President, he can never be confirmed." He then went on to say that the Republicans wanted a business man in charge, and inferred (so I gathered -- HBP) that it would need to be a Republican. The President then asked: "Whom do you say?" Vandenberg replied: "I understand, Mr. President, that you have several lists of persons who have been suggested -- lists prepared by both Republicans and Democrats, and that Paul Hoffman is at or near the top of every list; there seems to be general agreement on him.

22. "It seems that I was the least obnoxious of the Republicans." I had been a Republican but not a partisan Republican; that is, I had a limited partisanship, as contrasted with a professional partisanship.

23. I had heard of this -- and I didn't want it. About that time, Draper called and said: Could you go to the Far East? I said I'd be delighted and it was arranged that I would be in Korea in late March. I thought that then I would be safe because as soon as the legislation was passed, they would want to name a man immediately, someone here and promptly available. But the legislation was delayed a week, so I was in Honolulu when it was passed. I had a call there from John Steelman to ask if I would consider the post. I asked if he would have to have an immediate answer and he said yes. I said that in that case I would have to say "no", for I would have to consult my family and business associates and think about it. Steelman asked how soon I could be in Washington to discuss the matter. I replied that I could be there Tuesday morning. But I added that I didn't think he ought to wait, and that frankly I was not interested.

24. I reached Washington on Tuesday morning and I saw Vandenberg right away. I said to him that I was going to say no -- but he said: "you can't do that" -- and he weakened my resolve to the extent of my not saying: "under no conditions".

25. I thought then that a medical examination might wash it out. I was exhausted after my trip and had a bad cold. So I asked the doctor to make an especially careful double check, telling him without details, that I was facing a proposition of an 18-hour-a-day type of job with the government. But the doctor called me up later and said: "I have good news for you. You are in excellent physical condition."

26. Mrs. Hoffman was concerned. I had promised to be in Pasadena for 1949. My personal plans were such that, in a way, I had my life laid out. There was a prospect of becoming Chairman of the Board of Studebaker -- and this would give me time to think about a lot of things in which I had become interested.

27. When I saw the President, I told him that I had never succeeded by employing anyone who didn't want a job -- and said that I didn't want this one. But he said that it was different in government. Here, he said, the best men are those who don't want a job. He talked about a difference in motives and, of course, there's something to it. We left it that I would think it over, without being definitely committed.

28. Then there came a press conference at which I was prepared to talk about my trip to Korea. But a question was asked as to whether I was

going to take the job. I said: "What job?" I was trying to skirt around the question and indicated that I was there to talk about Korea. But Truman pulled a trick on me -- a good trick that I have used myself when a man is 90% committed. Someone brought into the press conference a notice that I had accepted the appointment. This left me way out on a limb -- without being able to withdraw without a public repudiation.

29. In talking to Truman later, I said: "There'll be a need to be able to call for the men needed to do this job. Truman said he would like to see a Democrat appointed to the Deputy position, and I agreed that that would certainly be reasonable.

30. For the Special Representative position, Truman had his own suggestion in mind. I said that he might be the ideal man, but that I didn't know him and didn't want to spend a year finding out. I said that perhaps there were not more than half a dozen men in the world who could qualify for that post, that we needed someone who knew Europe, and had "worked on the problem of bringing Europe out of the wilderness". Then I suggested, alphabetically, Lew Douglas and Averell Harriman. Harriman was chosen. (At this moment, the interview was interrupted due to Mr. Hoffman's having another appointment, and we agreed to resume in the afternoon.)

31. Question: In thinking about our talk of this morning, it occurred to me that I had never heard an explanation of the term "the Marshall Plan"; I have always simply taken the expression for granted; do you know whether the choice of this term was deliberate, and, if so, who originated it? Reply: No. I, too, have taken the term for granted.

32. HBP: You spoke this morning of the limited comprehension of what ECA was all about -- the widespread conception of it as a "great charity". There is also, of course, the conception of it as being only defensive against Russia. You spoke too of the need, as Special Representative, of a man who had worked on the problem of getting Europe "out of the wilderness". Now you, yourself, didn't move into this, at the outset, like a man who hadn't done some thinking about the problem and how to tackle it. Before we get into the question of initial organization and launching of the enterprise, do you care to say anything about your own thoughts at that time regarding the question of how to help lead Europe out of the wilderness?

33. I think I can answer that quite simply. But first, let me make another comment. I think we should never lose sight of the fact that there was a definite intention of including Russia. Only after Molotov walked out was it perfectly clear that Russia was not concerned with European recovery. HBP: From my talk with General Marshall, it would appear that he might have had a somewhat different conception. He spoke of it becoming pretty clear to him at the time of the earlier Moscow conference that Russia was not going to "play ball" -- and this seemed to be a definite factor in his thinking before the Harvard speech. PH: I don't remember the exact wording of that speech, but you may remember that he indicated in some way that his proposal was not directed against any nation. I have, of course, talked with him many times and I think he conceived of this as a kind of last effort to bring Russia into a cooperative system. You might check with him further on this. I believe that Bevin also had a great and high hope that this could become a cooperative enterprise. This has been our best answer to the Russians in their attacks on the Marshall Plan -- one that I have used repeatedly in speeches. The point is that Bevin in all good faith invited the Russians to come in,

and it was Molotov who walked out. They have no answer for this. Hence, it became clear from the Paris meeting that there was no chance to bring Russia into a constructive program.

34. Now to come back to your question. I came into this with a business background. I thought that if we in ECA came in with a new role -- as a kind of investment banker -- that would be a right approach. I had a strong belief that no plan imposed by a group of planners in Washington could possibly be effective. We could only ask each country to bring to us its own plan through the OEEC.

35. That is, in order to get an effective plan -- each country would need to bring in its own plan, and the OEEC would need to bring in a plan for coordination -- with us not imposing a plan on either.

36. I had learned from experience that if you want enthusiastic cooperation, you have to get those concerned to do the planning, or at least to participate in the development of the planning.

37. If, for example, in Studebaker, I believed that our body department was not (as efficient as, say, that of Oldsmobile, I wouldn't go to the Oldsmobile company, study what they are doing and then give an order to the head of our body department.) Instead, I would talk to our man, saying that they seem to be doing some interesting things in connection with body work at Oldsmobile, and I would suggest that he go and take a look. He comes back, and if he is any good, he will have ideas. He will say that ~~Studebaker~~ has developed this or that which is desirable, but of course it needs modification and improvement -- for which he takes the initiative for suggesting improvements, and he accepts the responsibility. In a larger way, we were successful in ^{getting} this done in Europe. There was development by each country of its own plans and proposals. It was their initiative and enthusiasm, and they took the responsibility for the plans.

38. In a section of the foreword to the Harriman Report, which I wrote, it was emphasized that only Europe can save Europe.

39. HBP: While in Europe, I gathered from several interviews that a good deal of importance was attached to the American request that the Europeans, through OEEC, develop their own recommendations with respect to the division of aid. Can you tell me the origin of that specific American proposal? Reply: I don't remember just how it originated. I believe that Harriman was over there at the time. I do know that I wholly supported the idea -- I believe this was in about August 1948, and I approved of it. (Check the time table on this -- HBP). It fitted in with my basic philosophy. The Europeans would have power to recommend; the decision would have to lie with us. If they couldn't work out such recommendations together, I felt, there was a grave question as to whether the Marshall Plan could be a success.

40. A second basic concept that I had at the outset was this: we saw that Russia was going to fight us. Some in Congress thought we should fight fire with fire; if they were going to prevent recovery in Western Europe, we should prevent recovery on their side. I was opposed to this on the ground that our means should be adapted to the end that we

had in view: recovery. I believed that, in fighting communism in Europe, we would not be justified in using amoral or immoral means. We would lose all our moorings if we should adopt the Machiavellian philosophy that the ends justify the means.

41. Therefore, I insisted on confining ourselves to the recovery field.

42 "While there (with ECA), I never wanted to see our economic and military aid thrown in the same pot." If our efforts in ECA were purely constructive, I felt that we would get the support of elements, in many countries, that wouldn't have supported a military program -- and that we could attract those elements if we kept our program separate from the military. My viewpoint was somewhat different from that of Harriman on this. I am speaking of the period before Korea.

43. Later, I saw the need for coordination. Toward the end of '51, it was clear that the situation had changed and we couldn't keep the two things separate.

44. I had no interest, as "Fitz" may tell you, in a relief operation. He insisted that people needed food as well as raw materials in order to enable them to work. I had not been up against a situation where undernourishment kept people from having the energy to work. But I saw this myself when I went to Europe. So at the outset food was, in a sense, a tool. With it, of course, went raw materials -- that was important -- and tools with which to begin building up their production.

45. During my visits to Europe, I made two addresses before the OEEC which I think were significant. The first was on productivity; you might want to look that one up. After I had spoken, Cripps did a nice job of throwing cold water on what I had said; he gave the impression that here was an outsider, a novice, coming in -- who didn't know what it was all about in Europe. I slapped back. I said I was sure of one thing: that we couldn't move toward the goals we were talking about without trying.

46. There was great pessimism at that time among Europeans as to whether anything could be done.

47. I felt that if Europe could, during the period of the Marshall Plan go up by about 1/3 in its GNP, it would become a going concern. I put this forward as an objective to work for.

48. The second speech was on liberalization of trade. I was quite mad then about what hadn't been done about trade barriers.

49. HBP: As I see it, you had given to you in the spring of '48 one of the biggest responsibilities and challenges ever put on one pair of shoulders. How did you then see the job of taking this thing off the statute books and building up rapidly a going organization and operation? PH: "Of course I was appalled by it. No one had a blueprint or a pattern."

50. I decided first to get a group of people I could talk to -- who had done some thinking. Included were Dick Bissell, Ed Mason, a North Carolina man whose name slips me for the moment, and Tex Moore to help on the legal side and with personnel and organization.

51. Then I concentrated on key people. I needed a deputy who would know his business, and who knew Washington; after careful inquiry, I chose Howard Bruce.
52. For Special Representative, I wanted either Lew Douglas or Harriman. I was flying high; I had to. I wanted someone in whom the President had confidence. He agreed to both of these appointments (Deputy and Special Representative) with some enthusiasm -- even though he had had other men in mind.
53. Then I got Bissell -- who as you know was very sophisticated about the problems we faced -- to go ahead in OK'ing the first European requests that came in.
54. Although the White House staff had ideas, I felt that I had to pick my own top people. In addition to Harriman, Bruce and Bissell, there was Alex Henderson as General Counsel. After some inquiry, I learned that "Fitz" was at the top in agriculture and we got him. Then, to handle the question of loans, we got hold of Wayne Taylor who had had financial and government experience -- with the Ex-Im Bank, etc.; there was a limited time in which to arrange loan contracts for whatever part of our aid was to be on a loan basis.
55. Then, after securing these and other top staff, I asked for their advice as to the men they needed.
56. I think we did about as good a screening job as could be done.
57. You'll remember that for 25 men here we could go up to \$15,000 a year (the so-called "excepted positions" -- HBP).
58. The top group selected represented one of the best balances ever achieved in government.
59. Then there was the task of selecting chiefs of mission. We made suggestions to Harriman and he made some to us.
60. Actually, Roger Lapham, for China, was my first mission chief appointment. To digress on that a minute -- you'll remember that there was no scandal whatever connected with our China operation, as there had been in connection with earlier relief operations. That was quite an achievement. We had a difference there regarding industrial aid. Stillman and Lapham wanted us to go ahead with it; they ^{thought} that Fu Tso-yi was a real hope. But I was told by a high source in Defense that this was unrealistic, and that the situation in China was out of hand. So I ordered the industrial projects suspended and this saved a large sum which later was used for Formosa and Southeast Asia. I think Harlan Cleveland agreed with me on this despite strong objections from Roger Lapham and Stillman. If we had started in 1945 with an ECA-type approach, things might have differently.
61. The other mission chiefs chosen included Finletter for the UK, David Bruce for France, Zellerbach, Nuveen, Marshall, Ballantine and Staley.

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62. John Lord O' Brien said he believed that ECA's was the best recruiting job he had seen in 30 years in Washington. You might check with him to see whether he still thinks so.

63. In screening, our idea was that the choices must reflect America -- including government, business, labor, agriculture, education, etc.

64. In getting labor participation we ran up against a problem. We had proposed that Clint Golden of the AF of L be attached as top labor adviser here, and that a CIO man be in the Paris office. But both groups wanted men in both places and we ended up with Golden and Jewell here -- both very good men -- and Shishkin of the AF of L and Harry Martin of the CIO in OSR.

65. For an agricultural country, such as Ireland, we chose an agricultural man.

66. Among our policy and administrative group at the highest level, I tried to inculcate the idea that the responsibility must be given to the Europeans -- that we couldn't do the job ourselves.

67. On the organization side, there was a great deal of debate, you will remember, about our relations with State. I was often asked the question: Are you really going to be free from control by this "terrible" State Department? But we never had any friction at the higher levels with State in those earlier days -- with Marshall, Lovett and Acheson.

68. Some Democrats thought that I surely must be building myself up and Truman took time to make up his own mind about this. He once said to me, smiling that he probably wouldn't be sitting in that chair during the next term but maybe I would. I said, "Mr. President, you have a job that I don't want. I don't like working 18 hours a day."

69. HBP: I'm interested in the exceptionally high morale within the agency -- especially during its first two years. Some reasons for this seem fairly obvious -- the broad support that developed for the program, the quality of leadership, and the way in which you and Bissell, for example, made staff members down the line feel they had important contributions to make. What other factors, do you think, were chiefly responsible for the morale that did develop? Reply: It started, I think, with the Marshall speech. The concept was a noble one. The people in the organization wanted to work for something worthwhile, and had the idea that they could contribute to keeping the free world free. It was a dedicated group. You couldn't want a better motive than that.

70. In Europe, there were dedicated groups too, with the leadership of men like Franks, Spaak, Stikker, Cripps -- and Marjolin within the CEEC organization.

71. Question: There seems to be a widespread impression in the U.S. that the Marshall Plan was something which we did "to" Europe -- rather than something in which the Europeans exercised a great deal of initiative themselves.

Do you think of any instances in which you were particularly impressed by the initiative shown on the European side?

72. Well, there was the case of Stikker and what he and Hirschfeld (an extremely able fellow) and others did in Holland and what they contributed to the OEEC.

73. I remember my impressions during a talk with De Gasperi in Italy. Italy was doing an effective early job on currency stabilization. But I had been told that there was a tremendous amount of tax evasion, and that business was slowed down with excessive filling out of forms. So I said to him that I was most concerned about the problem of tax evasion. I can remember quite vividly his reply. He said: "I am sure we will have no real democracy until we have tax morality." But don't expect us to overcome this problem overnight. For 500 years, the only way a man could live here was by evading taxes. I can promise you that, year by year, there will be higher amounts and that we will be moving toward the goal of equitable taxes. Pella, then the chief financial officer in the Cabinet, did sharply increase the tax take each year after that, in addition to achieving currency stabilization.

74. I disagreed with Cripps -- yet there was no man more devoted or courageous.

75. The Socialists, of course, had their own approach. They wanted to do things on a controlled and planned basis for their own countries. But interdependence is an essential fact that has to be recognized if we are going to gain the larger goal of real international cooperation. I think that Socialist governments tend to take away from the individual the power of decision and, hence, opportunity for growth.

76. Question: In view of recent reports about the slowing down of European efforts toward integration, it may be especially important to try to understand why it was that the idea of economic integration gained as much momentum as it did during the first two years of the Marshall Plan. Do you have any special comment to make on this question? Reply: I would emphasize particularly the fact that we took a functional approach. Take for example the question of trade barriers. We made a great issue of it. In talking privately with ministers about it, we discussed the question in no uncertain terms.

77. I will be glad to read drafts as you prepare them and to ask "Milt" Katz and others to do the same.

78. HBP: May I ask for your advice on one question? The contract for this project was worked out before I was brought into it. It provides that the finished product will be signed, sealed and delivered before the end of August this year. I am working at it with only one assistant and two secretaries, plus voluntary help from people within the agency. PH: It can't be done. HBP: Not if we are to turn out a creditable product. For this reason, we shall need to raise with the agency, as we already have in a very preliminary way, the question of some revision of the present contract. PH: I think I can help you on that. I have talked

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to Harold Stassen before his trip to Europe and will be seeing him again after he returns. I can tell him that this is being developed in a scholarly way that he, as a former university president, would approve; and that the aim is to derive from the Marshall Plan experience lessons that will be useful to him in his work. I can suggest that he see you.

79. You might want to give some thought to asking Stassen to write the foreword for this volume. HBP: That is certainly a very interesting idea. The only reservation that I would have at this moment is that the Marshall Plan operation was, in an outstanding way, a bi-partisan affair, and I think it would be well to avoid any appearance or implication that it was otherwise. PH: Of course, Marshall has himself been something of a controversial figure. But perhaps it could be arranged for both Stassen and Marshall to be brought in on it in some way.

80. Let me know when I can do anything further to help on this.

HBP:fip
5 February 1953