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Interview with  
GENERAL LUCIUS D. CLAY

29 February 1953

in New York

(at Continental Can, 100 East 42nd St.)

1. There was extensive aid under the military program for Germany before the Marshall Plan. Exports had reached 95% prewar before the Marshall Plan began. Of course, the Marshall Plan and general ERP development helped to further progress. 95%??
2. The really great movement was the currency reform in Germany.
3. Without U.S. aid, to be sure, there would have been no recovery.
4. It is true that the counterpart was used mainly for investments, but it was also used for other purposes.
5. I remember that Germany put up marks under a system like counterpart before the Marshall Plan began.
6. The need in Germany in 1948 was still real. But the financial house had been put in order and that was most important. The currency reform there has been written up by Mr. Jack Bennett. You will also find it written up in my book, Decision in Germany.
7. Question: Would you agree with a statement made to me by Vice-Chancellor Blücher that the Marshall Plan was the first fact by which Germany was introduced into the family of nations and that on October 30, 1949 when he was able to participate in the OEEC with equal rights it was a great step ahead of the development in other fields?
8. Reply: Yes, that is right.
9. Question: What is your reaction to Mr. Blucher's view that North Africa and the Near East should, with only economic and not political objectives be opened by the U.S. and Europe and that for this purpose it would be necessary to have U.S. investment - which could be paid back through European amortization?
10. Reply: I think things have reached a stage where it would have to be competition as far as private industry is concerned. It is carrying unselfishness a little far to suppose that American businessmen will welcome the spending of dollars in Europe, which might equally well be spent here for the purchase of capital or other equipment for Africa or the Near East. That may sound selfish but business is selfish.
11. At this point, I referred to certain reports of friction as between HICOG and Bi-Zone on the one hand and OSR and ECA/W on the other. General

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Clay surprisingly stated that there had been no differences of importance at top level. He said that there were difficulties with OEEC which apparently wanted to obstruct German recovery. He also indicated that there was a difference regarding allocations in which he and Harriman held divergent views but Harriman, he said, was not supported by Hoffman or State. He recognized issues which I mentioned concerning the use of Low Country ports, the use of non-German freight cars for shipments into and out of Germany, luxury food imports from Italy et cetera but said that none of these was a serious issue involving top level differences. All that the State Department would have had to do, he said, was to issue an order, and no such orders were issued.

12. Our relationship in Germany was unusual. The German government was under limited authority. It was difficult to deal with pressure which generated from OEEC through State to the German government. It was a difficult situation - inevitable with semi-occupation. There was external authority through the economic mission, the diplomatic mission and the military occupation. Germany was still not sovereign.

13. There was some restiveness regarding the wide contact established by the Americans. We did have too many people in Europe.

14. My main criticism of ECA is that it never stated in terms that anybody could understand what it expected as a result of the program. It started with a grandiose and good concept of increasing production and standards of living - as a necessary alternative to Communism. I would agree that in many countries ECA did that. The ECA program prevented the further spread of Communism and that justified the program.

15. Yet ECA never laid down clear objectives regarding balanced budgets, financial stability, increasingly definite production programs, et cetera. The result was that when the three-year ended it was not possible to say just what had been accomplished.

16. The fact that Marshall Plan saved Europe from Communism justified the cost. Otherwise, Europe would be in chains.

17. But I'm convinced that we spent more than was needed. And other than that great general objective, ECA never set down the results expected and by which we could evaluate the expenditures.

18. Yet the effort as a whole was fully justified.

19. Obviously, a program of that magnitude is subject to less than perfect execution.

20. I doubt very much, though, if the cooperative effort which it induced has in any way checked or lessened the spirit of nationalism in Europe.

21. It seems to me that I see more nationalism there now than four years ago. Now there is less fear. And when there is less fear, apprehension is less and less of a force making for unity.