

Note on Interview with

HARLAN CLEVELAND

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1. I suggest that you include a treatment of the theory of internal organization, comparing ECA with say UNRRA. You'll remember ~~that~~ in UNRRA the battle between the supply side and the area side of the organization with the former coming out on top, with Roy Hendrickson leading that group. In ECA, Bissell insisted on centralized handling of programming processes, allotments etc. These were coordinated under Bissell. I remember emphasizing this to Bissell early in the game. Programming responsibility should be centralized, with controls in one pair of hands. The area or geographical units, not the commodity units, should, within the organization, be the focal points in making the overall determinations on amounts of aid to be recommended etc.

2. Decisions can then be based on a consideration of total effects on the economies of the receiving countries.

3. One of Bissell's great contributions was the concept that the important thing is not the volume of our aid, but the effects in Europe, and our influence in Europe upon ~~the~~ national economic and financial policies.

4. Thus programming was built primarily around aims with respect to national economic and financial policies -- aims considered in the light of the total picture within an economy -- and not primarily around what was done with our aid.

5. What about all of the emphasis on European initiative? And European and Far Eastern reactions to U.S. intervention? Reply: I think that the key in answering that question can be found in this fact -- that on the European side were people who thought changes in national economic policies etc. should be undertaken, with U.S. support and if need be, pressure, in order to achieve European viability and to make U.S. aid effective and durable. On the U.S. side were people who felt the same way. Many on both sides did not think in this way or in these terms. It actually worked out that the U.S. enabled finance ministers or others to develop programs and policies which they thought right. Intervention as it actually developed mainly helped people like Gaitskell of the U.K. and Petsch, the French Finance Minister, to do things they wanted to do. Question: In effect, this was a transference of ECA's "leverage" to the "right" people? Reply: Right.

6. Unless there is within the country a fulcrum (for example, a Petsch) it is likely that no amount of leverage will do any good.

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7. For example, internal leadership or a "fulcrum" was lacking in France on the question of labor organization. Thus no matter how hard our labor people tried to use leverage in order to encourage labor organization of a more enlightened sort in France, there were virtually no results.

8. Another illustration: That of counterpart in France, early in the program. There was a legislative ceiling on advances from the Banque de France to the government. The government would have had to go to Parliament for an increase in this ceiling, but this the government was most reluctant to do, even though they were nearing the ceiling. They approached David Bruce on the use of counterpart instead. Bruce said that he was willing to consider the matter but would need to consider a number of other things first, related to fiscal soundness, and thus to durable effects of the aid provided. Thus, by sitting on this bottleneck, we were able to be very influential in getting the French to do what they knew in their hearts should be done, and thus in saving the franc. The essence of this intervention was not Americans versus French, but some Americans and some French versus others.

9. Another illustration would be that of land reform in Formosa through the JCRR -- with the governor and the farmers themselves (with information as to their rights publicly posted) being the "fulcrum." Other illustrations also could be given of essentially the same phenomenon from the UNRRA period in China -- where T.H. Ho was the fulcrum.

10. Question: I've heard some criticisms of the ECA program on the ground that not as much attention was paid to structural changes in Europe as should have been. What is your reaction? Comment: One difficulty, of course, was the conception of "recovery" held by many -- a limited conception of simply getting Europe back on its feet. This conception was sold to Congress. The reality, however, was that Europe was not on its feet before the war. The recovery conception was therefore in part a mistaken conception -- but there it was -- and the feeling of many was that after four years we would go back to semi-isolationism.

11. One of the basic changes, of course, which needed more attention was that of the distribution of income.

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12. Another basic consideration/with the long-run approach is that we are faced with a relatively permanent state of affairs. Hence the need for dealing with structural problems.

13. In the long run, we need also to weigh our own commercial policies. When we do so, a major U.S. domestic issue becomes a major issue also in our foreign policy.

14. I would go easier than some might on criticizing ECA's failure to emphasize more than it did the structural changes needed. You might want to check the views of Ty Wood, and Hoffman as to what was politically feasible.

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