

Note on Interview with

RICHARD M. BISSELL, JR.

19 September 1952

Others present:

Sam Van Hyning  
Harvey Mansfield  
Guy Horsley  
HBP

Mr. Bissell's comments were based on the following tentative listing of main themes for the ECA history and an attached partial and preliminary outline.

Tentative listing of main themes:

1. Evolution in the conception and goals of European recovery
2. Purposes and technics of U.S. intervention and aid administration
3. Changes in national economic policies, institutions and programs in Europe during the Marshall Plan period
4. Impetus and steps toward European integration
5. Evolving rationale and experience in promoting the advancement of newly developing areas

1. I highly applaud your approach. I would minimize or compress the chronological record, which is available elsewhere, and concentrate on main themes.

2. How I can best help: To comment intelligently in the "whys" etc. I would have to refresh my memory greatly on the chronological record. With the chronological record and with main issues cited I could probably help you a great deal.

3. I also commend your selection of main themes. I believe that the first two are by all odds the most important. The third might be bracketed with the first. The fourth has a special importance in relation to policy yet it is also really a part of the first. At the same time in view of the emphasis placed on this objective, separate treatment would be justified. The fifth theme is quite appropriate for inclusion.

4. A further topic which you might wish to consider relates to organization and administration. I am thinking of the problem of management, relations with the European regional office, relations with the State Department and Embassy-ECA mission relations abroad, etc.



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5. The ECA administration was interesting from the standpoint of the habits and technics of management that it employed. I think you would find worthwhile the comments that Foster or Hoffman or I might be able to give you concerning matters of organization that distinguished this agency -- including question of relationships with the State Department here and abroad.

6. I am thinking especially, for example, of the concept of a regional office, its relation to the home office etc. We had here one of the first instances in which a regional office played so large a part. The successive heads of OSR felt that the European office should have a large role in policy formation, and in discussions and communications on this issue they used the theater commander analogy. Washington was reluctant, and wanted the main decisions to be made here, where there was contact with other departments, Congress, etc. Instructions from Washington to the missions went through Paris, but when dealing with narrower and more technical questions of allotments, balance of payments estimates etc. Washington dealt directly with the missions.

7. One illustration of the issues that we got into was the terrible mess over German allotments. I felt that OSR should not have been in on the act as much as it was. Another illustration was the case of Italy where there was strong disagreement between Washington and the European office on the question of cuts in aid over reserves.

8. Another illustration can be found in the coal issue, on which Harriman had strong feelings. He and Clay differed and the Pentagon was brought in to the picture. The issue was not one of objectives but a crossing of wires (Sam Anderson is well informed on this, also Lou Lister).

9. At this point Mr. Bissell referred to a volume of his correspondence, indicating that there were several such volumes, and he suggested that it might be good to read through some of this -- at some stage. Van Hyning referred also to the weekly digest.

10. Another feature of the organization which was interesting was the extent to which the top people kept up with, and a hand on, what went on. He referred to the extent to which Harriman and later Foster read all of important cables -- outgoing and incoming. Van Hyning referred to the way in which this close watch enabled Foster to know the score on issues during lunch with Under-Secretary Webb, a good deal better than Webb did. Mansfield: This meant that the organization was quick on its feet? Bissell: I think it was.

11. Concerning the European regional office, both Foster and Harriman became surprised at the size to which it grew -- 600 or so Americans only. It is true that the largest staffs worked on information and administration and did not get into questions of policy (Leland Barrows and, for the later period, Harry Fite can give you the story on the administrative side).



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12. By and large I believe that a major decentralization of administrative matters to the field is highly desirable. I believe we did a much better job on this than for example State. On administrative matters I think that we should have gone more from OSR to the missions, getting Washington out of that kind of detail. Also that more should have been devolved from OSR to the missions.
13. On the information job I believe that the regional basis is better, more economical, saving a lot of duplication.
14. In treating the European office it is important not only to quote gross numbers of people but also to show distribution by functions. I felt that the policy staff got to be much too big there. Despite some bitter quarrels, I believe that Harriman, Foster and Katz all came to the view by a year or so ago that OSR had gotten out of hand as to size.
15. Concerning the Harriman appointment, Hoffman had to fight to get him; he had to persuade Truman and get his help in getting Harriman to agree. Hoffman worked hard to get him, so there was no question on that score. Knowing Hoffman and Harriman, one can see that it is inevitable that there should have been a certain amount of friction. Hoffman was I think more intelligently sensitive to U.S. opinion while Harriman was more sensitive to European opinion. The sensitivities of each were heightened by their location.
16. Harriman was used to being head of his own show. When he was head of the European office he would take some issues into his own hands. It doesn't come naturally to him to report fully to someone else, or to negotiate in behalf of someone at the other end of a cable line. By contrast, Lew Douglas often differed with State, yet his reporting from the Embassy was full and, though he argued like hell, he never took a major position without clearance. Harriman was not highly articulate and orderly -- hence some confusion. He had his habits of work and was annoyed by being checked up on this. This didn't issue in real quarrels. There was no lack of integrity whatever. And there was no appeal to the President over the head of Hoffman etc. The situation eased somewhat after Katz took over -- with Foster at the Washington end. All of the above relates to the regional office.
17. In conclusion, I believe that the line of command should not run on all matters through the regional office. It's too clumsy. Info copies should be sent to the regional office with an opportunity to intervene, in the sense of expressing a view, at any time; this is a workable arrangement.
18. An illustration of a situation in which a regional office was exceedingly useful was in connection with a mess that we got into in Austria. The question was, should a mission chief be changed. There



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was the question of the propriety of an employees behavior. Ty Wood went over from the European office. Having a senior person there who could do this kind of thing was very important.

19. It's a matter, then, of: (a) defining the regional offices field of activity; (b) getting the regional office out of business where there is not really a regional concern. The top people in the regional office should have some supervisory role -- but staff members should have a staff role and not get too much into all kinds of issues.

20. Under the first heading -- the first two being the most important and interesting -- (note: first heading is "Conception and Goals of European Recovery") I think it is most important to give attention not only to production, internal financial stability, trade and balance of payments goals, but also to relative emphasis on short-run instruction and long-run objectives. If I were writing such a record, it would have a fair amount of criticism in it.

21. Before the Marshall Plan began, there was a clear intention to try in a four year period to bring about some structural changes in Europe. It was recognized that the things that were wrong were deep-seated and that, therefore, deep-seated efforts would be needed to cope with them.

22. But in the early period, the emphasis was largely on short term objectives, and there was much emphasis on these short term objectives all through.

23. The only structural change which received much attention was related to European unification; that did receive a good deal of intelligent attention all through.

24. I still feel that our analysis of structural weaknesses was inadequate within several countries especially, that there was not enough attention to changes needed to make recovery permanent. I believe that among these structural changes we gave relatively too much attention to the issue of unification alone.

25. HBP: The obvious question then is -- what was lacking? what were the great omissions?

26. One thing that we did not really come to grips with was the problem of the relatively decadent managerial class and weak labor especially in France and Italy (not in North Europe, Germany etc. generally). If the Benton amendment and the accompanying relative to the use of counterpart for investment had come two years earlier, we might have done something important on that front. You may want to get hold of an airgram summarizing policy on this -- which was sent out in late 1951; Bob Oshins will have the story on this. This is tied in of course with the problem of technics of intervention through the use of counterpart. When we did get to this issue seriously, the amount of counterpart was limited and there was general pre-occupation with problems of defense.



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27. (On the same question of strengthening management) Bill Joyce's efforts to bring industrialists to the U.S. had some guff in connection with it but I still would stoutly defend the effort as a whole. Those who came over got not only from the industrialists, but also from the bureaucrats, some sound talk on free enterprise, and effective management (now the Ford Foundation is following up some of this in the form of encouragement to the formation of a kind of CED in Europe).

28. Another major problem was that of land reform in Italy. I believe that we should have been cruder and tougher about that.

29. Then there was the question of fiscal reform -- especially in the Latin countries. There were serious lacks in the tax structure and its administration. Many taxes were not properly collected and therefore higher and higher rates developed on those that were. It is true that we need to recognize the ingenious way in which sales taxes in France were made to have the effect of a graduated tax. In general, the problem of fiscal reform and its importance was recognized. Yet it is shocking that more was not done in four years on this problem.

30. Summarizing -- we didn't spend enough time in the first two years in analyzing more, almost from a sociological viewpoint, the structural changes needed.

31. I believe that your second heading -- "Purposes and Technics of U.S. Intervention" -- is most important and that this offers perhaps the most room for original contribution. Whether you call it "intervention" or "influence" or some other word, intervention was a real thing. Do you, to get France to do something, for example, take help away or give more help?

32. The Europeans couldn't really object to the basic objectives of increasing production, promoting trade, developing fiscal policies essential to financial solvency, etc.

33. I suggest that you formulate your views on at least the key questions and then discuss them a lot at the European end. The intelligent ones who were on the firing line are the ones to talk to.

34. Mr. Bissell indicated that, at some stage, he would be glad to meet with members of the advisory committee on this project, if a mutually convenient time could be arranged.

