# Interview with A. Lincoln Gordon

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

AMBASSADOR A. LINCOLN GORDON

Interviewed by: Melbourne Spector

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*Q: This is the first interview in a proposed series of interviews focusing specifically on the organization and the administration of the Marshall Plan. Lincoln Gordon is eminently qualified to speak to this. For just a little bit of his background, he was a Rhodes Scholar. He was professor at Harvard University. He held numerous jobs during the war effort in Washington. He was in on the founding of the Marshall Plan and NATO. He has been a president of a prestigious university, Johns Hopkins. He's been an Ambassador to Brazil, Assistant Secretary for Inter-American Affairs and many other things. He has written numerous books. He is a diplomat, scholar and administrator. I had the pleasure of knowing Mr. Gordon when I served in the Marshall Plan in Washington and Paris.*

Linc, to quote Mr. Acheson, “you were present at the creation.” I'll turn it over to you.

GORDON: Well that's true. I wasn't present at the conception of the Marshall Plan, if we're going to use these biological analogies, but I was present shortly after the birth. No I guess I'd put it further back, I was present shortly after the conception, during most of the period of gestation; and certainly at the birth and during the period of infancy and adolescence and maturity, and at the very end, the termination. So I saw it through all the

life stages except for the thinking which went into the idea, the need for a Marshall Plan before Marshall's famous speech of June 1947. For that you must consult others.

My involvement started with a telephone call from C. Tyler Wood about two weeks after Marshall's speech. I was in Cambridge, I think I was correcting examinations at Harvard that early summer of 1947. Ty Wood had been a reserve army officer. He was a New York stockbroker, but he was, of course, called into the service during the war. He had worked on General Clay's staff in the Army Service Forces, and he was one of their representatives to the War Production Board.

My war-time experience was in various jobs in the War Production Board. In the latter part I was first Deputy Program Vice Chairman and finally Program Vice Chairman, Chairman of the Requirements Committee, which involved a whole bunch of claimant agencies. Ty Wood represented the Army at one level on committees that I'd chaired. We struck up a considerable friendship, and found that as 1944 and 45 were getting on that we were turning our thoughts to what would happen after the war. We would have lunch from time to time, perhaps every two or three weeks, and talked about various post-war problems and possibilities. And then I lost track of him.

I went back to Cambridge at the beginning of 1946. I was supposed to be working on a book on industrial mobilization during the war. I was distracted from that for six months in the second half of 1946 by a request from another wartime acquaintance to work on Bernard Baruch's delegation to the U.N. Atomic Energy Commission. So I add that to the biographical notes. It was a fascinating experience.

It was the United Nations' first year. My boss there was Ferdinand Eberstadt, who had been a spectacular Vice Chairman of the War Production Board for a few months at a critical time early in the war, in 1942. Eberstadt was a very close friend and advisor to Baruch.

So this call from Ty Wood about two weeks after Marshall's speech (it must have been about June 20th 1947) came out of the blue. He said that he had decided not to go back to New York and private life. The State Department had offered him a position working on raw materials, trade in raw materials. He'd moved up very rapidly, and was then Deputy Assistant Secretary for Economic Affairs.

His boss was Willard Thorp, who was the Assistant Secretary for Economic Affairs, who is still living; Ty Wood is not. Over both of them in a sense was the interesting figure of the Under Secretary for Economic Affairs, Will Clayton.

*Q: Oh yes.*

GORDON: Of course he was a very famous figure and much involved in the Marshall Plan's earliest phase, although he didn't stay very long. He left the department fairly soon thereafter.

Ty Wood asked me whether I had been present at the Harvard Commencement and heard Marshall's speech, which I had not. He asked whether I'd read it, which I had. He asked whether I had any notion of how important it was, and I said, “Well, it seems to be important, but I don't know much about the details.”

He said, “Let me tell you, this is the most important thing in American foreign policy for the next four years, and we need help desperately to convert it from a gleam in the eye into an operating program. Can you come down and spend the summer working with us on this?”

Well, I had had exactly the same experience a year earlier on the Baruch Plan. I was beginning to get behind on my work at Harvard. I had a new appointment then at the Harvard Business School, and they had in effect given me a year's leave before I had any teaching duties in order to produce this book about industrial mobilization. That book never got done.

So I replied to Ty Wood that I was very reluctant. He said, “Well, when you're in Washington anyway, come and see me.”

I went in a couple of weeks later, just after the fourth of July. He had a big office in what used to be called the State, War, and Navy Building, now the old Executive Office Building. He had his desk in one corner and a conference table at the other end of the room. He'd piled up at one corner of it a whole stack of cables. And he said, “Before we talk, just sit down and leaf through those. Read some of them.”

These were the current cables from the main European capitals. It was early July. By that time, in response to Marshall's speech, Ernest Bevin of England and Georges Bidault of France had jointly summoned a conference in Paris to consider an organized collective response. They had invited all of the European countries except Germany (which was an occupied country then), including the Soviet Union and the East Europeans. At the moment that I called on Ty Wood the Russians were just deciding not to have anything to do with the Marshall Plan, to walk out of the conference, and to drag the Czechs and the Poles rather unwillingly behind them.

But the cables also included the reports from Will Clayton, who was traveling around Europe about the conditions; the state of France and Italy particularly. Britain obviously had much less physical destruction, but still a lot from the bombardments. But the Low Countries were also in bad shape. For anybody interested in Europe, those cables demanded some kind of response. I'd had my three years of graduate work in Europe at Oxford, traveling on the continent of Europe every summer and many of the other holidays. I had spent the war not fighting there, as I could have physically, but in 1943 there was a request from the President for a draft deferral for me, because by that time I was well up in the ranks of the War Production Board.

I felt a strong personal obligation to do something about the rehabilitation of Europe. Also I was very conscious that what had been done after World War I was absolutely awful.

(More recently, I was fascinated to read in the memoirs of Robert Marjolin, who became the Secretary General of the OECD in 1948, a very similar influence on his attitudes.) The economic policies of the 1920s, the policies toward Germany, the reparations policies and the domestic policies of the various principal countries in the world had created the mess that led to the depression of the 1930's and then had led to World War II. And we thought we must find some way of avoiding a repetition of that.

So those were the motivations. After exposure to these telegrams in Ty Wood's office, I really found it impossible to resist any longer.

*Q: Really clever of Ty.*

GORDON: That's right. So with the consent of my friends at the Harvard Business School (they were very generous, the Dean and the Associate Dean), I took leave again, and postponed, as it turned out forever, the book about industrial mobilization.

I worked all that summer in Washington and continued full-time in the fall. I did teach in the spring, but I was still commuting to Washington, so I was deeply involved in that stage of the preparation of the legislation, in the selling, if you will, of the program to the public and the Congress, and particularly in designing the administrative arrangements. Now we come to the specifics of this topic.

I was much involved. The people who were working on the Marshall Plan mostly had other tasks in the State Department. The department was undermanned. That's why Ty Wood had asked me to come down to help out. So they would meet on the Marshall Plan in the evenings, two or three evenings a week at eight o'clock. Willard Thorp presided, and at the first such meeting I attended he said soon they ought to be thinking about how this whole program should be organized. And he pointed to me and said, “You're brand new among us. You've got a fresh view on it. You take this on.” Which I was perfectly happy to do.

He said, “We have a young woman in the department now who knows a lot about European organizations, because she was working in the embassy in London in the latter years of the war.” Mariam Capp was her name, and she had become part of the joint British-American Secretariat of some emergency European committees set up in 1944 and 45. As the continent was gradually being liberated there was a European Coal Committee, and in particular there was a European Emergency Committee for Europe, which combined the British and the French and also several governments in exile, which were in London. Most of the west European monarchies had sent either their crowned heads, or at least some representatives, to London. Of course, even the Polish government had its government in exile in London.

These really were the beginnings of post-war intra-European collaboration. They would form a new group ad hoc when some problem arose. I remember there was an emergency committee on pit props—pit props being the timbers, the pieces of lumber that they used in coal mines to hold up the ceiling as they mined the coal out. Pit props at the time had become a bottleneck in the mining of coal. And coal, of course, was the principal fuel. Europe was still on a coal economy. Except for gasoline, oil had not yet become the major fuel, and the shortage of these pieces of timber was actually limiting the amount of coal that could be mined. They had to be rationed among the member countries, allocated.

Miriam had seen those committees working at first hand. So she and I had several conversations, and we then produced a memorandum which carried both of our signatures. I haven't seen it for a long time, but the essential contents were what became the Marshall Plan organization. That is, we recommended—and on this Over secretary Marshall had already pretty clearly indicated his views—first that there be in Washington for the basic administration of the program, a separate agency. It not be done by the State Department or any other existing agency. The State Department would have been the only logical one, and in fact the Budget Bureau strongly supported the notion of State taking it on. Then there would have to be in each participating European country a special mission,

separate from but tied in with the embassy. That created a number of complications later on, which I can come back to. And there must be, because it was essential in the concept of the Marshall Plan, a European coordinating body, which became the OECD in Paris on the European side. And there should be an American coordinating mission, both working with the OEC, and also providing some regional supervision over the individual country missions. That was the essential pattern, and that, in fact, is what came to be adopted.

There was a big dispute on the question of the role of the Department of State and the Foreign Service. The Bureau of the Budget, which had general responsibility for recommendations to the President on organizational matters, felt strongly that the State Department should have the administrative responsibility. I didn't quite understand why they felt so strongly at the time.I suppose it may have been partly neatness, but somebody else would have to testify to that. But there was a real conflict.

I have described this dispute in writing, and I don't know if you want to duplicate it on this tape or not.

*Q: Yes.*

GORDON: My one personal meeting with Secretary Marshall was on this question. Would you like it here?

*Q: Yes, very much.*

GORDON: I was involved in a whole series of group meetings with Secretary Marshall, helping prepare him for testimony. First on the Interim Aid Package, which we had to get in December 1947 before the big Marshall Plan legislation and then on the Marshall Plan testimony itself, and various policy meetings. But the only one-on-one meeting with him that I ever had was to receive his instructions on negotiating, discussing with the Budget Bureau and everybody else concerned, including members of Congressional Committees, this question of organization.

I found him enormously impressive as an individual. Many people have remarked about this. He was a truly charismatic personality—a term which is now widely abused. But he had an aura about him of authority and integrity, which was unmistakable. You also felt he was a man from another century. I believe that his wife called him Mr. Marshall, which was a mid-Victorian kind of custom. But you also felt that this was a man of really extraordinary character. He always addressed his subordinates by their last names. Not Mister, I was just Gordon. You would be Spector. This was also part of the Victorian atmosphere.

He said (I'm not quoting the exact words but the substance of it), “The Budget Bureau would like to see this program administered by the Department; I think that would be a great mistake.” His reasoning was two-fold. First, he thought that this was a program of limited duration. Four years was the notion from the beginning. In that sense it was akin to the administrative problems of the war-time agencies. He felt that you would be able to recruit for a special program of limited duration people of outstanding ability from all walks of life in the country, who would not be prepared to work for a government department. And secondly, there was the simple political fact. This was in 1947. President Truman was very unpopular according to the public opinion polls. It was generally expected—by everybody I guess except Truman himself—that he would be defeated in the election of 1948. The program would just be getting started in the summer of 1948, and it was essential to have continuity. So Marshall felt that it had to be absolutely non-partisan, and that would be easier with a special agency then with a section of a regular department. He was absolutely adamant about that. He didn't leave any room for concessions.

He went on, “Now, the question of relations between the policy guidance from the State Department to the new agency” (the name came to be Economic Cooperation Administration) “that's something that can be worked out, discussed properly, but there must be a separate independent agency.” He said, “That is absolutely firm.”That came to be the case. Of course, the bipartisan aspects of it were embodied in the two principal officials. Paul Hoffman, a Republican, became the Administrator in Washington, and

Averell Harriman, a Democrat, former Secretary of Commerce, was the overseas head in Paris. The various country mission chiefs appointed in the first round in 1948, I would guess were more Republican than Democratic, but it would be pretty close. And in any case, partisanship as such really played no significant part. It is true that the opposition to the Marshall Plan was mostly on the Republican side, that is among conservative Republicans led by Robert A. Taft. But there were Southern Democrats who were also very skeptical about the Marshall Plan.

Now, on the issue of State Department guidance, the first version of what we worked out provided for policy guidance by the Secretary of State. I don't remember the exact words now, but Arthur Krock, the famous columnist of the “New York Times”, and some member of Congress thought that we were giving the State Department too much authority over this agency. Krock launched a campaign in his articles (we call them Op Ed pieces now), saying that there were people in the Department of State who were trying to undermine the Secretary's orders and that kind of thing. I may even have been accused by name. I don't remember whether I was or not, but I had a number of telephone conversations with Krock trying to dissuade him from this view, which was unjustified. It finally got sufficiently controversial so that the Brookings Institution, where we now sit, was asked to look into the matter and produce a recommendation on it.

The problems were not just in Washington, which was relatively easy. The problems were also in the field—the question of what the relationship should be between a Country Mission Director, that is a Marshall Plan country-level administrator (we later called them the ECA missions) and the ambassador. Not only the ambassador, but the other top ranking people in the embassy. The resolution of that, which created a fair amount of tension (I experienced it myself in London later) was a statutory provision that the Director of the Marshall Plan Country Mission was to rank diplomatically immediately after the ambassador, therefore to outrank the Charg# d' Affaires, the DCM Deputy Chief of

Mission. They usually carry the rank of Minister-Counselor.This, as you can imagine, didn't go down very well with the professional foreign service and it did create tension.

In London I was Chief of the Marshall Plan Mission in its last three years, 1952 to '55. I had experience with two Deputy Chiefs of Mission. The first was Julius Holmes, who later was ambassador to Iran. He was an immensely effective professional. If he had any resentment about being out-ranked, he hid it beautifully. My impression was that it didn't bother him. He certainly had swallowed his pride long since.

He was followed by Walton Butterworth, who had been Ambassador in Sweden and later became ambassador in Canada. They wouldn't give him another ambassador post because they were afraid that during confirmation hearings he would be victimized by McCarthy. That was a dreadful business . . .

*Q: It certainly was.*

GORDON: . . . the McCarthy business. Therefore I wanted to put him in a very important post which did not require Senatorial confirmation. This job of DCM in London and the Consul General in Hong Kong were the two most senior jobs not requiring Senatorial confirmation. So Butterworth, I guess partly because of that background, came to London with a chip on his shoulder, which showed in minor things. We would go to some event at Buckingham Palace, at which the ambassador, who by then under Eisenhower was Winthrop Aldrich, would be present. The Butterworths would be there, and my wife and I would be there. And the rest of the Diplomatic Corps. Afterwards we'd go out where the cars were being called and the call would come for “US No. 2.” Somebody would say to Walt Butterworth, “That must be yours.”

“No,” he would say, and point to me, and you could tell feel how deeply he resented it. In a way, I think it was not a wise provision.

There was also down the ranks some degree of tension. This is inevitably the case between the regular professionals and a group of specialists, particularly if the most glamorous activities are being conducted by the newcomers. I think to some extent the Foreign Service officers—and that included some very able people—felt that they were being deprived of the opportunity to work on the most interesting things that were going on in the relationships with the European member countries.

But in any event, all of that detailed kind of prescription of the relationship was put in a report by Brookings, done by Robert Hartley, who was one of the Vice Presidents of Brookings at the time. And it was incorporated in the legislation.

Now, my own work after that part on the administrative pattern, during the fall of 1947, was devoted mainly to the supervision of the interagency work on materials for Congressional presentation. I worked with Paul Nitze, who later became the head of the Policy Planning Staff, but at that time was a special assistant to Robert Lovett. Lovett by then was Under Secretary of State, and Marshall pretty well delegated the supervision of these preparations to Lovett, except that Marshall testified in person before the Senate and the House when the time came. Marshall was working on the four-power conference and the other major international concerns, which constituted the beginning of the cold war. In fact, seen with hindsight, this period was more than the beginning, it was well into the cold war.

Well, let me pause there and ask. I can continue with what I did or saw, or we can go to specific administrative issues. Let me ask for guidance.

*Q: Well, I was interested in the fact that—and you've now answered it, why we had a separate agency and a separate organization. And looking back on it, do you feel that was wise?*

GORDON: Yes, I do. I'm sure that Marshall was right with respect to the quality of people that we were able to attract. I think of the individual country mission directors, particularly

in the first round, but after the first round as well. They were very much the same kinds of people who had come to man the war agencies. In many cases they were the same people. Bill Batt for example, William L. Batt.

*Q: That's right.*

GORDON: Batt, who was my predecessor in London had been a Vice Chairman of the War Production Board. He had been my boss during the early part of the war. He had been president of the SKF Ball Bearing Company, a Swedish owned company, with a big American branch in Philadelphia. I don't think that Bill Batt would have come to work for the Department of State. It simply wouldn't fit with the mores of the business community or much of the professional community.

The fact was that the ECA was temporary, that it had a terminal date. It's true that the agency in fact was kept on with a name change in 1953, but that was because of the transition to NATO. In its last three or four years the Marshall Plan, really in 1950, late 1950 and '51, got converted to defense support, because its economic objectives had been fully accomplished by then and more. So what was left of the Marshall Plan basically was providing economic support for expanded defense efforts of the European member countries of NATO. And that kind of need did continue beyond the original 1952 cutoff date.

But the notion that it was a temporary agency doing a specific job and getting it accomplished by a terminal date was a very healthy one. It was symbolized by having a temporary special agency. That was also helpful from the point of view of persuading the Europeans that aid wasn't going to last forever. They had to be under no illusion that the United States was going to be a permanent financial sort of milch cow for Europe.

You remember that at that time people talked about a permanent dollar shortage.

*Q: Yes.*

GORDON: Even very scholarly people. An Oxford friend of mine, Donald MacDougall, wrote and published a book in 1950 or '51 called “The World Dollar Shortage,” which predicted that it would last forever—just at the moment, as it turned out, with hindsight, that the dollar shortage was disappearing from the face of the earth.

Germany, for example, we had thought at the beginning was a hopeless case because the country had been divided. There were eight million refugees pouring into West Germany from East Germany and what had become Poland and East Prussia, part of it being incorporated in the Soviet Union. They'd lost a lot of their agricultural land. There was no chance, we thought, that West Germany could become a viable economy by 1952. But the fact is that by 1951 they were already earning surpluses on their current balance of payment account, and they continued to do so almost every year for the next twenty or twenty-five years. And they're still doing very well on that score. Our foresight was not always so hot.

*Q: Speaking to the relationships between State and the Marshall Plan. As you remember, and you probably helped draft this, the Marshall Plan could use one of two personnel systems overseas. They could either have their own system, or they could use the Foreign Service system. Would you like to speak on that? They opted for the Foreign Service system.*

GORDON: Yes. I don't know the details of the choice that was made. Of course, I was in it my self as . . .

*Q: You used it.*

GORDON: Yes, I used it, I was part of it. I was a Foreign Service reserve officer as we were called. But the specific reasons for that, I don't know. You'd have to talk with someone, or you yourself probably can speak to that much more authoritatively than I. As an official working under the system, it seemed to me to work quite well. I'd never served

the U. S. government abroad before. I'd worked in Washington already by that time at a number of different agencies, mostly as a daily consultant and then full time in the War Production Board. But I hadn't had the experience of living abroad under official auspices. I had no familiarity with the post allowances, the arrangements for housing, these nuts and bolts that make all the difference in being able to function effectively. So I suspect that the use of an administrative system modeled after something where there had been long experience was a very wise choice. But I was not directly involved in those decisions.

*Q: It's interesting in the relationship between State and the Marshall Plan that they did use the State Department for administrative support, which I think was useful. I think the cable system and the message system . . .*

GORDON: Yes.

*Q: . . . that was very helpful. That they didn't have to set up their own system.*

GORDON: No question about it. We, of course, had our own numbered series of messages, but it was using a well-oiled system by the telecommunications standards of those days. Today they look very rudimentary. I remember how hard it was to telephone.

In 1949 I went to join Harriman's staff in Paris as head of the Program Division. I had an immense amount of business to do with Richard Bissell, who was the third ranking man in the Washington setup after Hoffman and Foster, and was the key man in the presentation of the program each year to the Congress. He used to say that the year was divided into two parts: the Congressional presentation half and the working half. So we had all kinds of overlapping interests in various policy matters. And most of our correspondence was done either by Airgrams, did we call them Airgrams in those days?

*Q: Yes, we did.*

GORDON: . . . or by telegrams, cables.

*Q: And the cables I think you might want to comment. The cables at that point were, although they were administered by the State Department, . . .*

GORDON: They were signed by . . .

*Q: . . . by Harriman and here in Washington by Hoffman.*

GORDON: That's right. It was because they were the special series for the ECA, for the Marshall Plan. Yes, and then, of course, we had five-letter codes to indicate that. The ones to Harriman's office were called Torep. And the ones from Harriman's office to Washington were REPTO. Those from Harriman's office to the country mission were also called REPTO. The ones to the country missions were called TOECA, or was it ECATO?

*Q: ECATO?*

GORDON: Yes, TOECA, that meant Washington. That was the headquarters, and ECATO was from Washington to individual country missions. So those messages were signed by the heads respectively, just as in a State Department series they'd be signed by the ambassador at that end. But the telephoning was by shortwave radio, and it would fade in and out. We lived in a wonderful eighteenth century house in Versailles built by one of Louis XIV's courtiers. There was only one telephone in the house, and it was in a little cabinet, as if it were a public telephone. It was a very primitive instrument in a long and rather drafty hall. We were six hours ahead of Washington, and Bissell often had the notion of calling me about four or five o'clock in the afternoon Washington time, which is ten or eleven o'clock in Paris. Sometimes I would have already gone to bed and I'd be called down to this cold drafty hall and have to shout. My wife used to say, “You're shouting so loud you can be heard directly all the way to Washington.” It would fade in and out. We often said, “Oh, let's put into a cable whatever it is you're trying to say.” But the cable part of it did work smoothly. I suppose the cabling was also done by radio, come to think of it . . . No, I suppose most of the cabling was done literally by under-water cable.

*Q: I'm sure. Linc, I'd like you to speak to the flexibility the organization had. I don't know whether you recall this, but at one time, I think just before you were returning to Washington directly for Mr. Harriman. You had made a trip to all of the missions, and you were appalled, as I recall, at the fact that very mission was organized like every other mission.*

GORDON: Um hum.

*Q: And I was in a meeting, I was then the head of the organization and management office, and you said, "Why should this be so?" Do you recall that?*

GORDON: Yes I do, I do.

*Q: That was a very important event in our organization.*

GORDON: That I didn't know, but the logic of it seemed to me to be quite contrary to that. Take for example the business of the counterpart funds, which were a very important part of each mission's responsibility.

Counterpart meant the local currency equivalent when we provided a European government, let us say the Dutch government, with money with which to buy some sort of imports from the United States. In the case of farm machinery, for example, they would receive this money in dollars. The dollars would be spent to buy the farm machinery, but the government didn't use the farm machinery itself and it would acquire as a result some guilders, the local Dutch currency, from the farmers or the farm machinery distributors. Basically, the actual commercial transaction would be between some American manufacturer of farm machinery and some Dutch importers. So the Dutch government ended up with what we called the local currency counterpart of the original dollar grant. Six percent of it—was it six? was reserved . . .

*Q: I think so, at first.*

GORDON: . . . to the United States government and was used basically for administrative expenses. Although it turned out in some countries that that was much larger than necessary, and I think we gave a lot of it back, didn't we? Most of it was in the hands of the European government concerned, but the statute provided that the use of it required the consent of the United States government. That responsibility was normally delegated to the country mission.

The purpose was partly to exercise some restraint on excessive government expenditures in inflationary situations—in France, for example, with a rather weak government under their then constitution, the fourth republic. There was always a tendency to do what we in the United States do now, to run very large government fiscal deficits. And they were not as successful at controlling inflation as we seem to have been in recent years, so that there was a constant battle to try to exercise some influence over the French to reduce those deficits. Control over the use of counterpart turned out to be a rather effective instrument, because we simply wouldn't release the counterpart unless there was restraint in the rest of the government budget.

Now, in some cases—Italy was a striking example—those funds were used mainly to finance investment projects related to economic recovery and especially the improvement in the Italian balance of payments. So that instead of going for general budget support, they were going to specific projects, which required a good deal of administration. People had to make judgments as to whether a particular industrial project or agricultural project or whatever made sense. So a mission in that case would need officers who were knowledgeable about the industrial sectors involved, people who understood agriculture and so on. But in other cases—for example in Great Britain—counterpart funds basically were sterilized. Except for a small amount which went to projects in the colonies of British Africa, to help get them ready for independence, which was really on the horizon, the counterpart control was not significant.

So you had different kinds of duties for the missions, and to have uniform patterns of mission organization in those circumstances, simply didn't make sense. There was no reason not to tailor the specific organization, country by country, to particular functions of the country concerned. Some required much more. In Greece, where local administrative norms were pretty rudimentary and there was a lot of concern about corruption and the like, there had to be much more extensive detailed control to make sure the money wasn't being stolen by anybody.

That's an amazing thing about the Marshall Plan when you consider that it involved about $12 billion over four years, which at today's value of the dollar would be probably $100 or $150 billion. So it's a vast amount of money, yet only in Austria, as I recall, was there any significant financial scandal. There was one in Austria which actually involved some cabinet ministers, but by and large this was an incredibly clean operation. That's attributed to the way in which the accounting controls were arranged and the skill with which the program was administered.

The whole question of conflict of interest is an interesting one in this connection. Obviously the recruitment of personnel was enormously important in 1948 as the program was getting started. It had the advantage, just as in the war, that this was the most exciting thing that was happening in the country. Therefore, when you found qualified people, it was not very hard to persuade them to come on board. This was an adventurous, exciting, interesting, challenging kind of activity. But finding the qualified people was not so easy, because these were new kinds of responsibilities. I had to recruit program officers, for example, for the individual country missions, and for my own staff in Paris. Paul Hoffman asked me to join the staff in Washington very early. The legislation was passed, as I remember, in March or April of '48, and he appointed at once Fitz, Denis Fitzgerald, a long-time agriculture department administrator, and Dick Bissell, on the policy and program side. And Sam Anderson, who had been another boss of mine in the War

Production Board came along on the industrial side, and various others, of course, on the administrative side. Our friend Don . . .

*Q: Stone.*

GORDON: Don Stone, right, came from the Budget Bureau, where he'd been urging exactly against the independent agency.

*Q: And he now talks about that.*

GORDON: Does he now?

*Q: Yes.*

GORDON: He now recognizes that the actual decision was a wise decision?

*Q: I think so yes, but I'm going to interview him.*

GORDON: Well, good. It will be interesting to bring that up specifically. The duties of a program officer in a country mission were to work with the country's authorities in developing their notions as to how much Marshall Plan funds they needed, and the rationale for it, and assessing the validity of that. It was a combination of balance of payments considerations, trading considerations, investment needs. There would never been anything quite like it before in the world and, therefore, the kinds of talent that were required were not self evident. It wasn't just like knowing you had round holes of a particular size and finding round people to stick into them. But we were able to get very good people. The general level of intelligence of people we recruited . . .

*Q: What sort of people did you look at?*

GORDON: Well, for program officers, most of them were academic economists who had had, if possible, some kind of practical experience too. People who had worked in various

war agencies. Investment bankers turned out to be very good at that kind of thing. The lawyers generally were recruited to legal staffs. There was a big legal staff in Washington, a big legal staff in Paris, and every country mission had its own general counsel. I know that Milt Katz, who I hope you're going to interview . . .

*Q: I certainly am, if I possibly can.*

GORDON: . . . did a lot of recruiting of those lawyers. That whole arrangement among lawyers had the fascinating background during the war when Henry Stimson, Secretary of War, brought to Washington the cream of the legal profession of the whole country. It was a . . .

*Q: Lovett?*

GORDON: Sure, Lovett. Bob Bowie was one of them. Patterson, oh, there were many many of them. More names would occur to me.

*Q: McCloy?*

GORDON: McCloy, of course. Bill Draper.

*Q: Bill Draper.*

GORDON: These were superb people, very able people. And they were sufficiently intelligent and broad minded so that they could learn all kind of new duties and do it pretty rapidly.

*Q: On thing I wanted to ask you, but I don't think it's certainly a part of this, and I was fascinated to read in your papers, is the role of the Executive Director of OECD, in the fact that, I think you call it a weak organization, and yet some of the techniques he used, he was able to be a very forceful person.*

GORDON: Yes.

*Q: And I would appreciate you're speaking to this . . .*

GORDON: Yes, Secretary General was his title. Marjolin was a relatively young man then. In fact, we can count it very easily. He was born in 1911, and this was 1948, so he was 37 years old. And here he was dealing with cabinet ministers from all over Europe. The European tradition tended, if anything, to lean a little bit to the elderly side. So the ministers were people certainly in their '50s, and most of them probably in their '60s. There was already a generational gap. In addition, the European parliamentary systems make a sharp distinction between ministers, who are members of parliament and members of the cabinet, and what are called officials—civil servants or diplomats. The understanding is that the real policy decisions are made by the ministers. They are the people who are elected to make policy decisions. Officials may be very able, but they are a cut below the ministers. Averell Harriman was always very conscious of this distinction. He knew that he himself ranked as a minister.

But Marjolin had been an official—an assistant to Jean Monnet and the French planning mechanism for their internal post-war reconstruction. He has worked with Monnet in this country during the war, in the French purchasing mission for De Gaulle on behalf of the French resistance. He had picked up an American wife during the course of the war and had become absolutely bilingual, which was very helpful, since French and English were the two working languages of the OECD. But here he was classified as an official, not a minister, and the head of what I call a weak organization. Why do I call it weak? In the development of international organizational theory ten years later, there was much discussion about this in connection with the Treaty of Rome and the formation of the European Economic Community. A strong organization has a substantial amount of authority vested in its Chief Executive, its Secretary General, or whatever it's called, and it does not require unanimous agreement among all of the member countries for all decisions. Those are the two criteria. During the discussions about the charter of the

OECD in April of 1948, the French had urged that there be a much stronger organization. The British had held out for the so-called weak form, essentially inter-governmental rather than with some autonomy, some authority of its own. And, therefore, on paper, the OECD was run by its council, which was composed of a minister from each country. At the highest level it would normally be the foreign Minister or the Finance Minister from each country. There was an Executive Committee, which was a smaller group, also at the same level. Then there were corresponding groups, so called permanent representatives. But they were representatives of the governments. They took instructions from their capitals. They were high-ranking national officials, responsible to their own national ministers. Then there was the international Secretariat, headed by Robert Marjolin, the Secretary General, whose job it was to carry out the instructions they would get from day to day, or week to week, from the Executive Committee of the Council or the full Council. And from time to time there would be meetings of ministers themselves in Paris. This would be what we called the Council meeting at ministerial level, when the ministers would come together from their respective capitals. Otherwise, the Council consisted of permanent representatives of the ministers.

Now, the permanent representatives were also officials, very high officials, most of them much more experienced than Marjolin, older men. The chairman of the full council was a Dutch official, Baron Snoy. The chairman of the executive committee, which was really the more important job, was a very experienced British official with an interesting background in Hong Kong and elsewhere; he had also been a banker for a considerable period, named Edmund Hall-Patch. They could both look on Marjolin almost as a sort of son. Marjolin, immensely intelligent, as his memoirs which make fascinating reading indicate, was passionately concerned not to repeat the errors of the 1920s and 1930s. That was a moving force in his life.

His own boyhood experience had been deeply affected, because his father got thrown out of work during a depression in the 1920s. He came from really quite a poor family. And he had to leave school aged about 12 or 13 for several years. He got messenger jobs at

the Paris Course, and missed an important part of his schooling. It was almost through a miracle that he attracted the attention of some professors at the Sorbonne and went to the University of Paris, and showed himself as an obviously outstanding person. He then got a Rockefeller Foundation grant to come to the United States for graduate studies, which opened up his interest in the United States. He also studied in England, and then he was picked up by Monnet during the war for this series of increasingly important jobs. He later became the chairman of the Council of Ministers of the European Economic Community, the Common Market in Brussels.

But his success in the OECD was really a combination of force of personality and what I call intellectual infiltration. First he appointed very able people to the staff. On that he did have some autonomy. I think the Executive Committee had to approve his key appointments, but he had the initiative and he used it. The same kinds of considerations that made us able to recruit for the ECA very able people from the United States, also made it possible for him to recruit very able people from all over Europe for the OECD. It was very exciting and very important. I was a matter of life and death to the European countries. The Marshall Plan had to succeed. In the case of France and Italy, it was a matter of whether or not Communist parties would get control of their governments. So these were important matters, and he was able to get very able people.

And then he cultivated key people in the national delegations. What I mentioned particularly I think in one paper was the famous dinners . . .

*Q: Yes.*

GORDON: . . . at a restaurant not far from the Place de la Concorde called Calvet. It's still there. It probably has three stars in Michelin's, a very good restaurant. In those days, of course, at the beginning food was not quite as easily available. There was still a fair amount of rationing in 1948. That was pretty much over by '49. And at these informal dinners with key people in the most important national delegations, he would have two or

three of his own senior staff and perhaps six or eight national representatives, so you'd have a total of maybe a dozen people, not more than that. There could be one general conversation. After a very good dinner, there was uninhibited discussion of what the current problems were, what alternative approaches to them might be, how one could make the next steps, what the obstacles would be. And out of this kind of process there would form a certain degree of consensus, and people would go back and report to their permanent representatives. These were generally not at the level of permanent representative, they were one step below. Eric Roll, for example, now Lord Roll, who was the deputy permanent representative from the U.K. I was the American typically in these dinners. I guess I ranked third in the Harriman mission at the time, after Harriman and Milton Katz, who were the ambassador and deputy. I'm not quite sure what the inner ranking was among the division heads, but at least I was at the level just below the ambassador and his deputy.

*Q: You know, I think it's very interesting, if I can interrupt you, Linc, but I think it still has gone on to this day in the, if you can call it, the foreign aid missions, the descendants of the Marshall Plan, that you find the ranking to be the mission director, the deputy mission director and then the program officer. And I think it's just kind of logical. It just fell into place.*

GORDON: Direct descendant, yes. Sure, sure.

*Q: Well, it made sense.*

GORDON: Well, there's a logic to it.

*Q: Just to pull it all together.*

GORDON: That's right, that's right. Well, these officials would then go back to their various missions, and then somebody from one of these countries would make a proposal officially in the executive committee or in the OECD Council that such and such be done. Marjolin

had no right to make any propositions himself directly. He had no authority for that. The U.N. Secretary General, who after all is not in fact very powerful, at least has the right under the U.N. Charter to make proposals on his own initiative. Not the OECD Charter. So Marjolin, in effect, saw his ideas being brought back through official channels, having started with these informal discussions.

He did superb work in the first task that was assigned to the OECD, not by the Charter, but essentially by Harriman's recommendation, which had to overcome a little bit of reluctance in Washington. Harriman said that we should make this organization really come to life. In the first year 1948 the big problem was how the available amount of aid was going to be divided among the member countries. Let's put the responsibility on the OECD of recommending the division of aid. The Europeans were quite frightened when this idea was first put up to them, because they were afraid that it might involve so much tension that it could tear the organization apart. Some of them thought that it might be better to have a benevolent Uncle Sam make those decisions for them. But the idea was a stroke of genius on Harriman's part. It was exactly the right thing to do. And, in fact, Marjolin had a very imaginative and flexible mind, and a full understanding of the underlying problems. He worked closely with Eric Roll, who was the chairman of the OECD programs committee. They and a couple of others on Marjolin's staff designed the questionnaires that would go to the member countries and the criteria that would be used, the ways of screening requests. For example, if a country said it had to have x-tons a year of such and such basic material from the United States for dollars, one of the questions was, “Have you really exhausted all potential European sources? What about a switch to a European source? That way we'll save dollars, because it doesn't have to be paid for in dollars.” That was an innovative idea, and in the first year of the Marshall Plan an enormously important idea. Otherwise the resources couldn't possibly have been enough to make ends meet. They did the division of aid in a way which left, I won't say everybody satisfied, but everybody feeling that justice had been done. It was clear that Marjolin was not playing games in the interest of France, and in the first year (the second year was

another problem), Eric Roll was not doing things just for the sake of Britain. They were really aiming at fairness among the countries, and trying to recognize special problems where they existed.

I was there as a consultant in the summer of '48. Along with two others from the Harriman mission, Frank Lindsay and Calvin Hoover, at the end of the OECD's division of aid exercise we were invited out to the little palace in the eastern suburbs of Paris, where they had done this job. They wanted to explain to us the methods that they had used and so on. They wanted to make sure that they wouldn't be totally rejected by the US government, because formally the responsibility still rested with the US Government, basically here in Washington. In fact, their recommendations were accepted with only a slight modification in favor of Germany.

Germany was not yet a member of the OECD. Germany was still an occupied country in 1948, and General Clay, who was an immensely strong minded man as he demonstrated during the Berlin Blockade by running that extraordinary air lift, Clay through that they'd been short changed. So there was a slight modification of the original OECD recommendations in favor of Germany, but it was small.

You could see by 1949 that ministers were talking to Marjolin in a way which a year earlier they wouldn't. So that really by force of personality and by the technique of infiltrating his ideas into the individual national missions, he was able to elevate his position. He had a lot to do with what actually came out of the whole Marshall Plan operation.

*Q: I was impressed with your papers on that point. It was informal, if you can call it that, the informal ways that he used to get things done, which I would hope can work in other situations.*

Linc, let me asks you a couple of other things. You went back to London, as I recall, not only as the head of the mission, the aid mission, but also as the minister counselor for economic affairs.

GORDON: That's right.

*Q: You had two hats.*

GORDON: That's right.

*Q: And I'm not so sure that you weren't the very first.*

GORDON: No, I was not the first. Bill Batt . . .

*Q: Oh, did Bill Batt?*

GORDON: It happened, I think, not at the beginning of Batt's term, but during it. But he had it by the time that I went, yes.

*Q: Finletter didn't, right?*

GORDON: Finletter did not have . . . . that's right. I think it was actually after Bill Batt had been there for a few months. And I don't know exactly what considerations went into it. It clearly made sense, of course. By the time I got there the mission clearly was shrinking. Indeed, one of my very painful duties was informing several older staff men that their jobs were ending. I was a fairly young man too, speaking of Marjolin.

*Q: You were?*

GORDON: I was 39 when I went to London, I'd just had my 39th birthday, 1952. I was born September 10th. In fact, I spent that birthday with Bill Batt. He was leaving on September 30 and he insisted that I come over and overlap with him for a few days. That turned out

to be the only convenient time. And then we went back as a family at the beginning of October.

The industrial side of the mission consisted mostly of business people, many of them recruited by Bill Batt, who knew the business community extremely well. They were working on those few cases where we had counterpart allocated to industrial projects. But by the time I arrived, the need for a fairly good sized industrial division had passed.

Bill had organized the administration of the two hats in effect by separating them under himself. On the State Department side, his deputy was Winthrop Brown, who unfortunately died last year. Win later became ambassador to North Korea and then Laos. And he had a businessman whose name I don't remember as the Deputy Mission Chief for the Marshall Plan side. It became clear to me not long after I arrived that we had to reduce the size of the mission very substantially—after all this was the fall of 1952. The Marshall Plan was supposed to be over.

*Q: That's right.*

GORDON: And basically what we were doing then under the Marshall Plan was just defense support for the British role in NATO. The British were greatly expanding their defense efforts; some people claim this was one reason for the subsequent decline of the British economic position. I think that argument can be overdone. In fact, they did quite well in the three years that I was there, which was the period of Churchill's peacetime government. It was a very interesting period. Before Suez, morale in England was very high, and the famous special relationship with us was still going very strong.

But I had the painful task of calling in the Deputy Mission Chief who was twenty years older than me at least, maybe twenty-five years older, and giving him his sailing orders. And I must say, I didn't enjoy it. He was quite shocked. I think he was intelligent enough to understand that it made sense, but he had some friends in Congress too, so he felt . . .

*Q: A little pressure.*

GORDON: Yes. Well, there was a little bit of pressure, but it didn't amount to anything.

That was an interesting phenomenon. The whole question of political pressure. There were, of course, special interests of one sort or another. And some of them got into the legislation. The legislation the first year was pretty clean. The second year, we had the famous shipping amendment. Half of all of the goods had to be shipped in American bottoms. And then other things began to creep in of that sort. They were subsequently continued in the aid legislation, which would become encumbered by hundreds of . . .

*Q: Christmas tree.*

GORDON: Exactly, exactly. And the Congress, I think, has an entirely irrational view of the amount of leverage that you can get with economic aid. It's nothing like what is assumed. In the only places where there is a lot of leverage now, we don't exercise it for other reasons. There's a lot of potential leverage on Israel, which really does depend on American largesse. But the notion that something which affects some fraction of one percent of . . .

*Q: Right.*

GORDON: . . . some country's foreign exchange is going to make them change policies that they really regard as very important, this is just foolish.

*Q: Linc, I'd like to skip back a minute. The time you came back from Paris, isn't this true? You came back from Paris. You were the head of the program division, but you came back, I think, to work with Harriman in Washington.*

GORDON: Yes, that's right.

*Q: That's a very crucial period, and what was the nature of Harriman's job at that point, and your job with Harriman?*

GORDON: Well, in Paris in 1949, starting in the early summer and running until basically June 1950, I was the head of the Program Division. During the last few months there in the spring of 1950, before the Korean War broke out, the big enterprise was the European Payments Union. Along with the head of our financial division, Henry Tasca, who later was ambassador to Greece, I was much involved in those negotiations.

Then the Korean War broke out in late June. Harriman was asked back by Truman. As Harriman told it to me, originally the idea was to have the job which now is called National Security Advisor. That title didn't exist then, but there was a head of the NSC staff. At that time, it was much smaller, essentially a paper coordinating staff. That's right, it was Admiral—I only met him once or twice briefly. He was a Missouri friend, a personal friend of Truman's. His name is easy enough to find.

*Q: Yes.*

GORDON: His name may come back to me any moment. Apparently when Truman asked Harriman to take this position, he was going to have greatly enlarged responsibilities.

The background was that in the months before there had developed a tremendous amount of tension between the State Department and the Defense Department. The Secretary of Defense was Louis Johnson, who had been the treasurer of Truman's reelection campaign, and therefore (since Truman's reelection surprised most people) had a call on almost any appointive position he wanted. He wanted to be Secretary of Defense. But he had very natter views about foreign policy and even about defense policy. We had an $11 billion defense budget. Think of that.

*Q: At least.*

GORDON: Even if you multiply that by ten, that's pretty small by present standards. But he also put a damper on effective communication between State Department officials and Defense Department officials on all kinds of policy matters. You can imagine problems arising from the occupation of Germany, new problems in various areas of the Middle East, and so on. There had been a group set up toward the end of the war called the SWNCC, the State War Navy Coordinating Committee, before the Department of Defense was created. Then it was just War and Navy. And the descendants of that group were very useful committees for coordinating the development of policies and actual administration between State and Defense. In the occupied areas there were all kinds of overlaps of concern, both in Japan and in Germany, on relief and rehabilitation. A lot of things had to be done by army personnel, but they were essentially civilian-type policies.

Louis Johnson actually issued a ukase that there should be no communication between State Department officials and Defense Department officials except through the Secretary's office. He wanted that complete control. Imagine that. It was a bureaucratic nightmare, an absolute monstrosity. When Harriman was first invited back by Truman to take this job, one of its purposes was to develop some peace between State and Defense and to remove these ridiculous limitations. Truman hadn't yet got to the point of being prepared to replace Johnson. He did that very shortly thereafter. And, in fact, at least by the time I got back, which was at the end of the summer, Marshall had moved over from State to Defense, Acheson had moved up to being Secretary of State, and from then on there was basic harmony among the three: Acheson, Marshall and Harriman, on all of the important matters. So it was a transformed, much easier world than the one that Harriman had been to deal with

Anyway, after seeing the president, Harriman came back to Paris. He called me and said the president has asked me to do this job, and went on: “I want a very small staff, not more than six.” He had in mind a man who had worked for him in Moscow when he was ambassador there as his NSC man, General John Deane. A very nice fellow, bright

man. And Ted Tannenwald he chose as his legal advisor. Johnny Johnson was recruited later and he worked on Japan very effectively. But it was a very small staff. On the public relations side, there was Jim Lanahan, who went with him to Albany when he became governor. He wanted me as an economic advisor. It sounded quite challenging. I had thought I was going back to Harvard. I was supposed to go back that summer. I had to resign if I was not going back, and I did resign about that time.

Foster also asked me to come back to take Bissell's old job. Bissell had moved up to be Deputy to Foster, who was replacing Hoffman. I thought it would be more interesting get the White House perspective, so I decided to stay with Harriman.

But Harriman asked me not to come back right away in June, but to spend the summer of 1950 in London working with Charles Spofford, who was our NATO ambassador on what really amounted to the first effort—a very rough kind of back-of-the-envelope effort, at seeing what the economic costs of various levels of NATO rearmament might be.

NATO in its original form, the treaty that was signed on April 4, 1949, was essentially, as I see it, simply a paper guarantee. It was an assurance to Europe that if war broke out there, then unlike 1914-17 and unlike 1939-41, the United States would be in it from the start. The Russians were obviously on everybody's mind as a potential aggressor then, and the notion was that if they knew that we would be in it from the start, there wouldn't be any war. The treaty would in effect be a deterrent against any such attack.

After the North Korean invasion of South Korea Europeans got very frightened and so did we, to a lesser extent. They felt that there might be a quick invasion and they needed more than just a paper guarantee that the US would be in on the start. We needed some forces in being. We needed an organized military apparatus, in short what was then set up. It was originally devised during the summer of 1950, and the issue of German participation at once arose as a major problem. It was a very difficult problem, which was battled out in the NATO Defense Committee in Washington in the fall, October, of 1950. That was when

the French proposed a European Defense Community as a way of getting some German participation without a German army. In effect, it would be a European army, an idea which they themselves killed off by a vote of their parliament in 1954. But the whole notion of rearmament and defense remobilization obviously had very severe economic implications. This was 1950. The Marshall Plan had only been going for two years. It was clearly being a success, but Europe still had quite a way to go to full economic recovery.

Spofford, in addition to being the U. S. representative in the NATO council which was set up in London that spring, was also chairman of what was called the Council of NATO Ambassadors. Had a very small staff in the embassy in London, and they needed reinforcement to work on costing, as we called it, of various military options. The military committee had been organized, and it had notions as to how many army divisions they wanted, how large an air force, and so on, and we had to put cost figures on those ideas to see whether there was any possibility of the European defense budgets being enlarged to that amount. And if not, how much assistance we could give, both in weapons and in economic support.

This was done much more elaborately in late 1951 by the so-called Wiseman's group, which Harriman chaired and where I was his deputy. That exercise led to NATO's Lisbon force goals in early 1952.

So after agreeing to go to work for Harriman in the fall of 1950, I spent that summer in London, working with Spofford on this project, and then came back about the middle of September. It was in time for our children to go to school, because we had to find housing in Washington, which we couldn't right away. My wife and our children moved up to our house in Belmont, Massachusetts for the fall, and I stayed here in Washington with friends. We found a house, but couldn't get into it until January.

Then I went to work for Harriman in the Old Executive Office Building as part of his very small staff. Then he told me that the title had been changed. He said, in effect, the

responsibilities are essentially the same, but Admiral (whatever his name was) was so disturbed at the idea of being ousted in his favor, that the President decided to let him keep the title, and the paper responsibility. Truman had asked Harriman to do the same things, but with the title “Special Assistant to the President.”

*Q: Well now, what was your relationship to the Marshall Plan then? What was the Harriman group relationship to the Marshall Plan?*

GORDON: In the first instance, in the fall of 1950 there was no formal relationship. But there was a lot of unhappiness in the Congress, and to some extent in the Executive Branch, about the problems of coordination of aid, economic, military, and technical. Technical assistance had begun under Point IV of Truman's inaugural address in January of 1949, the beginning of his full term as elected president. So the TCA, Technical Cooperation Administration was being set up, not as independent as the old ECA. It was more within the Department of State.

*Q: Which they regretted very much.*

GORDON: That's right. But there was a lot of discussion in Congress about the insufficiency of coordination among these various forms of external aid. And in response to that, Acheson decided... (End of tape)

We were speaking about the feeling that there was inadequate coordination, or really no coordination among these various types of foreign aid. There was also the Export-Import Bank and there was occasionally something done by the Treasury with its Stabilization Fund. On the purely financial side, there was supposed to be coordination through the National Advisory Committee on International Financial Agreements, set up by the Bretton Woods Act and chaired by the Treasury Department.

All foreign loans, for example, have to be approved by that National Advisory Committee. But that didn't cover the military at all, and it didn't cover technical assistance. So Acheson,

in response to these concerns, set up a group called ISAC, International Security Affairs Committee, and asked Thomas Cabot to come down from the Cabot Corporation from Boston. Do you remember ISAC?

*Q: No. That's interesting.*

GORDON: Tom Cabot has written a memoir and he has a chapter on ISAC that's published. I can't remember the title of the book at this time. Thomas D. Cabot is still living and in very good form in his 90's.

Tom chaired this committee, this particular inter-agency committee with Defense and State, and Harriman was represented on it by me. So we had a kind of input. In addition, it was understood that if there were some serious inter-agency policy dispute that couldn't be resolved at the ISAC level, before it went finally to the President, it would go to Harriman. Harriman, as special assistant to the President, would try to resolve it. And, in fact, I only remember one, concerning aid to Austria. That arrangement lasted this for about a year, because Congress felt that it was not sufficient. So in the fall of 1951, actually while Harriman and I were in Paris, they passed new legislation with much stronger coordinating authority, setting up what was called the Office of the Director of Mutual Security. ODMS.

*Q: ODMS.*

GORDON: Yes. Now, there was a legislative aberration, a rather bizarre thing. An asymmetry in the arrangement. Harriman was made the Director for Mutual Security, but he was also made, theoretically, the head of the Mutual Security Agency, which was the old ECA, although he was not equally in charge of direct military assistance. There he had only coordinating authority. He felt that the asymmetry didn't make sense, so he delegated his authority as Director of the Mutual Security Agency to Bill Foster, leaving himself only the coordinating responsibility of the ODMS.There were some interesting questions. Harlan Cleveland was Bill Foster's program officer. I remember his coming to see Harriman and me in Harriman's office one day, and saying, “We've got to decide who's

going to make these annual Congressional presentations. Who is going to be . . . “ We replied that the logic of it was quite clear. “It's you, you're the operating agency. We're only supposed to be general policy coordinators.” I think he wanted to do it, and I didn't particularly want to.

*Q: Right.*

GORDON: I was happy to be spared that job! The presentations were made before the very difficult Louisiana Congressman, Otto Passman.

*Q: Yes.*

GORDON: He chaired the Appropriations Subcommittee on foreign aid, and he was terrible. A very difficult eye of the needle to get through.

In practice what kinds of things did we do? One was to follow up on the Lisbon Force Goal Exercise. That was of very great importance. To try to push the military assistance program to somewhere near the agreed military goals, even though we knew at the time they were probably too big to be realistic. They certainly couldn't be achieved on the time table set out at Lisbon. As it turned out, they never were achieved, because after the Eisenhower election in 1952, and the inauguration in 1953, John Foster Dulles (whose hundredth birthday is about to be celebrated at the conference in Princeton at the end of next month) concluded that we'd never get to forces of that magnitude. Since nuclear weapons were available, he shifted to the policy of the bigger bang for the buck—the policy called “massive retaliation at times and places of our own choosing.” That was the famous phrase. Therefore we didn't need so big a force on the ground. So the Lisbon Force Goals in effect were scrapped, and replaced by much more modest ones, although still pretty substantial. Later on, NATO shifted to a doctrine of “flexible response” instead of “massive retaliation.” It was much more sensible. That was McNamara's great contribution to NATO strategy.

But during that period of 1952, before I went off to London, one of our key efforts was to push the Pentagon into expanding the amount of military assistance, and accelerating the time table for supplying it to the European NATO countries.

Johnny Johnson did a lot of work on aid to Japan. We began to specialize. Of course, Dulles had just finished negotiating the Japanese peace treaty, and it was clear that Japan required some interim assistance to get restarted. Johnson worked on that.

Harriman got involved in a number of side things, of which one of the biggest was the effort to deal with the Anglo-Persian Oil Company that Mossadegh had expropriated. A number of high officials went to Tehran to try to negotiate with this weeping Premier, as he was called, and Harriman was one of them. He went off on a long expedition, first in London to talk with the president and chief executive officer of the old Anglo-Persian Oil Company, a Scotsman brought up in the Calvinist tradition that a contract was a contract—approved by God, and if you didn't fulfill a contract, you were subject to eternal damnation. But he didn't realize that Mr. Mossadegh didn't hold the same beliefs, and had no intention of living up to his contractual obligations.

Then there was the firing of MacArthur. Harriman got deeply involved in China policy after the Chinese came into the Korean War. I got involved in another aspect. It was really back to my War Production Board days. I'll never forget the day the Chinese came into the war, which was in late November of 1951.

I was awakened out of a sound sleep early on a Sunday morning by Harriman, who said, “The Chinese have just come into the war. I want you and Ted Tannenwald to come over and consult. I have to be going later in the morning to the White House to see what to do on the strategic side. But somebody's got to be thinking about the domestic side—what we do at home about the war.” In addition to direct experience on the War Production Board, I had been one of three authors of a post-war report on industrial mobilization for the Army-

Navy Munitions Board. In fact, we followed it pretty much. We met with the Deputy Director of the Budget, who later became Comptroller General . . .

*Q: Elmer Stats.*

GORDON: Yes. We met with him for hours that day, and worked out a plan for partial industrial mobilization. Out of that came the, what was it called? The Defense Production Agency?

*Q: Something like that, yes.*

GORDON: We recruited as its Director a former War Production Board lawyer, Manly Fleischmann. Later on, in much more recent years, Manly Fleischmann and I were fellow directors of the Equitable Life Assurance Society. He always attributed his appointment to me personally. I'm not sure whether that was justified or not. In any case, he was proud of it, and if I was responsible I am happy to take credit for it.

During that period, in the last months of 1951, I gave a lot of time to that effort. I was sitting in on emergency meetings to get the DPA started. It didn't have much to do with Harriman's formal responsibilities, but since I had had extensive War Production Board experience it seemed appropriate.

We were occasionally drawn into odd sidelines. I remember that I had to represent Harriman at lunch with some Vietnamese. That was my one experience having to do with the Vietnamese. At that time the French were supposed to be trying to get Bao Dai, the old emperor, back into some authority. I remember Harriman asking the French ambassador why they wouldn't delegate more authority to Bao Dai. In fact, the French didn't want to let anything go. That, of course, was before Dien Bien Phu.

I recall our feeling very busy. Systematic coordination, I don't think we provided. We did occasionally have meetings of the heads of the operating agencies, but it was more an ad

hoc arrangement for dealing with tensions and frictions as they arose, and occasionally providing some very broad kind of policy guidance.

During the early summer of 1952 Harriman got the presidential bug himself. He thought he might become the Democratic candidate for the presidency that year. He tried to do it, but the only primary he won was here in the District of Columbia, as I recall. Stevenson won easily. But Harriman called together his small staff one day that spring. The staff had become a little bit bigger with this ODMS. He said that he had decided to run for the presidency. He went on, “You're all subject to the Hatch Act. I want people to respect it absolutely.” It was typical of him. He had absolute integrity on these matters. He said, “If anybody wants to work on my campaign, he should resign from the government and I'll be glad to hire him at the Harriman for President Committee.” That was done in the case of Jim Lanahan.

*Q: Lanahan.*

GORDON: Who later, as I said, went to Albany when Harriman was elected Governor of New York. A nice guy. I've lost track of him since.

*Q: Did Lanahan, was he the one who later ran against Carmen DeSapio in New York?*

GORDON: I think that's right.

*Q: Jim Lanahan, a wonderful man.*

GORDON: Oh yes. That's the man, that's right. As to the rest of us, he said, “There's going to be a clean separation.” He said, “I'll stay on the job for awhile.” But by that time Bill Batt had announced that he wanted to leave London. His first wife had died, he'd remarried and had bought a brand-new Jaguar. He felt the time had come to take a long honeymoon with his new wife and a leisurely tour all over Europe. He was going to drive to Constantinople in the new car.

Somebody asked me whether I would be interested. I don't remember whether it came from Bill Foster, it may have been Bill. Anyway, I was delighted with the idea. My wife and I felt that our European living experience had been cut short by the Korean War. It wasn't very long in Paris. And I had very happy associations with England from my Oxford days. So we leaped at the chance.

Harriman said to me, “Look,” he said, “I'm all in favor of this, but I must warn you that there's no tenure to that job. Much as we like Adlai Stevenson, we all know that against Ike he just can't be elected president.”

I decided to take the chance. We arrived in London about the end of September, only a few weeks before the election. The election came out as we expected. We had a short Christmas holiday in the west of England, near Torquay, in a rather small town, in a nice family-style hotel. To my amazement, we came back from a morning expedition with our four children, and the hotel keeper said there was a long distance telephone call from Philadelphia. He said, “We've never had anything like that before.”

*Q: Philadelphia?*

GORDON: It was Bill Batt. Winthrop Aldrich had been named as ambassador designated to London. Bill Batt had taken the trouble to go to Winthrop Aldrich and sing my praises, and to urge Aldrich to keep me on. Aldrich had agreed, and Bill Batt was calling to give me the good news. It was a very nice Christmas present.

*Q: Wonderful.*

GORDON: A few weeks after the inauguration, in early March, Dulles and Stassen came over to Paris and convened a meeting of the ambassadors or charg#s and the mission chiefs in the main European capitals. In many cases, the old Truman ambassador had left and the Eisenhower one hadn't yet arrived. That was true in London for example. Julius Holmes was our charg#. The aid mission chief included Harry Labouisse, who was in

Paris. We had Henry Tasca, who was in Rome. We had Jack Tuthill, who was in Bonn. And myself from London. Then there was Bill Draper, the coordinating NATO ambassador.

We sat down in the living room with Dulles and Stassen. Our ambassador to Paris then was an elderly man who had just been reassigned to Spain, Jimmy Dunn. He was a very experienced old man.

*Q: He had been in Rome even earlier.*

GORDON: He might have been.

*Q: Yes. During the early days of the Marshall Plan.*

GORDON: Dulles, of course, spoke first as the senior man in the room. He said, “Now look, gentlemen, I want you all to understand that there's been a change in Washington. If any of you are dreaming about cleaving to the old policies, you had better think again.” Actually there wasn't any change of policy. Dulles had an obsession in his mind that Acheson had been sabotaging the European Defense Community, and somehow or other deferring its ratification. We had an intense discussion, country by country, of the actual situation in respect to early ratification. The prospects didn't look good, and Dulles got more and more frustrated as the conversation went on. After about an hour and a half of that, the two groups separated. Dulles then met privately with the ambassadors or charg#s, and Stassen met privately with the Aid Mission chiefs. He took the 180-degree opposite position. He said, “Look gents, you know an awful lot more about the Marshall Plan and NATO and Europe than I do. We're not going to have any fundamental changes in policy at this stage, and I see no reason for changes of personnel, if you're willing to stay on. I will have to learn from you and I'll need your help and advice. Maybe after a while we'll want to develop some changes in policy and so on, but . . . “ And, of course, he had everybody at once on his side.

*Q: Sure.*

GORDON: In fact, we all stayed on for several years. I stayed until the Marshall Plan was formally wound up, June 30, 1955. I think Harry Labouisse was in Paris most of that time; he left at some point to become the head of UNRWA.

*Q: UNRWA, yes.*

GORDON: The U.N. Relief and Works agency for Palestine.

*Q: The number two man in Paris, for some reason or other, Stassen called back to Washington. He was a young man, very crosser of tees, dotter of i's. He'd come to my office every afternoon and say, "How much retirement do I have?"*

GORDON: Not the fellow who was later ambassador in Haiti?

*Q: Yes—Lane Timmons.*

GORDON: Oh sure. He had been a Rhodes scholar from Louisiana.

*Q: I don't know what it was about, and I don't think he ever knew, because Stassen had him come and sit outside his door all day long. And then sent him back. And the other man brought back was from Western Greece, Al Roseman. Because just at the time when Stassen and Dulles hit Greece, Roseman had allowed, or the Aid Mission had allowed, the price of bread go up. There was a riot. Leland Barrows, who was the mission director, was back here in Washington and I got a cable from Stassen saying, "Recall Roseman at once." The same thing happened. Roseman sat outside Stassen's door for about three weeks and then went back to Greece. And those were the only two I knew of then.*

GORDON: That's interesting. If that had happened a year or so later, it would have looked like a prospect for so-called "Stassenation," the McCarthy business.

*Q: That was a terrible—well I ran that, you know, or forced that. But that will be on another tape.*

GORDON: That's a different story. That was very hard. I had one victim of that in London you may recall. Am awfully nice guy. Scott McLeod or whoever had found in the files some unverified assertion by somebody that he had worked under an assumed name for years. It wasn't true.

*Q: No, I know.*

GORDON: And I tried to have the decision reversed. I telephoned Fitz. In fact, I came back on a special trip to Stassen to appeal the case. And then he was coming back with me to London on the same plane because there was a meeting of the CoCom, where he was representing the U. S. He said, “We'll talk about it on the plane.” On the plane we talked about it and he said, “You know, you make a pretty strong case. I'll be willing to reconsider when I get back.” The deadline for this poor guy's having to leave was getting closer and closer. So, as soon as Stassen left London, I sent a telegram confirming our conversation. “Now I understand you are going to reconsider the case.”

*Q: And he was retained?*

GORDON: No. He went into private business and apparently made a small fortune. But Harry Labouisse had three cases, and he was outraged. There was one, I think, a secretary, who had gone to Hunter College and whose roommate's mother . . .

*Q: That's terrible, it really was.*

GORDON: . . . accused her of being a Communist, because she said her own daughter was led to have all kinds of radical ideas by this gal and so on. It was, you know, stuff collected in a vacuum cleaner of files. It was a . . .

*Q: That led to my going to Mexico, because I couldn't take it any more and had big fights with General Riley who came in. I don't know if you remember him.*

GORDON: I remember him.

*Q: You know, I went to Mexico, and had five lovely years in Mexico. Linc, I do appreciate this. I don't know if you have anything more. One more thing here. As you were talking, that you appeared before, or your aid had to appear before Taskman. Of course, the other one to appear for if he hadn't been under.(?) Do you think that at in anyone's mind there was the idea that by setting up a separate agency you would have to appear before a different kind of committee on the hill than you would if you'd stayed with the State Department?*

GORDON: If so, I don't remember hearing about it. It's possible.

*Q: The alternative, you see, would—you would have been under Rooney.*

GORDON: Yes.

*Q: And that wouldn't have been a big improvement.*

GORDON: That certainly would not.

*Q: You dealt with Rooney.*

GORDON: I dealt with Rooney, and I also dealt with Passman. I think I hold a record. It may be that Dick Bissell matched it one year. I presented before Passman in 1961, the commitment of $400 million for the Social Progress Trust Fund of the Inter-American Bank. The commitment had been made by Dillon down in Bogota in 1960.

*Q: Bogota?*

GORDON: That's right. After Kennedy was elected, various friends of mine were appointed to high jobs. I got a call from Dean Rusk about a week before the inauguration Dean asked me to come to see him. He had set up headquarters in the old Hotel Statler, because in those days there was no transitional legislation. There was no provision for the newcomers. He asked me to become Assistant Secretary for Economic Affairs. Ed Martin was in that job. I said that that didn't make any sense. Martin was a fine Foreign Service officer and a very competent one. He'd only been in the job for a few months. Why should there be a change?

But I had been on the task force with Adolf Berle where the idea of the Alliance for Progress took shape. I really didn't want to come to Washington full time anyway. But I told Rusk that I thought that I could work out with Harvard a half-time deal to help get the Alliance for Progress going, and I was really interested in that. He accepted that with alacrity. A few days later I got a phone call from George Ball, who had already been named Under Secretary for Economic Affairs. He said, “That's great. You can take over from me the responsibility of presenting this appropriation request to Otto Passman!”

*Q: Lucky you.*

GORDON: Douglas Dillon made the initial presentation and I continued it for the rest of a week. It was three hours a day for five days, and it was a typical Passman performance. You remember that half Indian, Frank Merrill whispering in his ear. Passman would go on and off the record all the time. And he tried to cut the amount. One of the other members of the committee, a very gentlemanly fellow from Virginia, whose name I don't recall now, told me later about this. He said Passman got the committee together when they were marking the bill up. He telephoned Dillon in the presence of all of them and said, “Mr. Secretary, you remember that idea that we talked about.” He told the committee that what they'd talked about was cutting $100 million off the total. It was a total of $500 as I recall; $400 for the IDB and $100 for AID, to spend on social development projects. He wanted to cut it from $500 to $400 million. He said on the phone, “Mr. Secretary, you remember

that idea we talked about. I think it will be entirely acceptable to the committee." Something like that. And then hung up the phone and said, "You see." One of the other members, probably the one who told me about it, was sensible enough to telephone Dillon himself and find out what it was all about. And, of course, Dillon had never agreed to anything of the kind. It was a totally fraudulent kind of performance.

But poor Passman was a sad case. One day later on, when I was assistant secretary, I had to appear before him on the AID program for Latin America. My right hand, Dave Bronheim, and I had been through about three hours of testimony with Passman. It was late in the afternoon, five o'clock came, the committee adjourned. That usually meant just Passman, because the other members couldn't stand it much of the time. They were always complaining about him. He said to the two of us, "Come on in to the office and have a drink." He was in a mellow mood. He was perfectly nice in his personal relationships, when he wasn't grilling you.

*Q: It was a different thing over the table.*

GORDON: Yes, exactly. So we had a drink in his office, and he suddenly became maudlin and talked about how he was childless and was so unhappy about being childless, and some things about his difficult youth. And suddenly you felt, here's this really pathetic creature, who exercises a kind of tyranny over the executive branch people, but really is a strange, slightly neurotic, character. It was very sad.

The two of us left his office and went back to the State Department feeling very uncomfortable about the experience.

*Q: Once again, . . .*

GORDON: We're recording all this, which isn't public.

*Q: Well, we're recording. To add to this, I do want to thank you very much for this. What other names would you suggest of people to be interviewed. You mentioned, of course, Milt Katz.*

GORDON: Yes.

*Q: Dick Bissell.*

GORDON: Yes, definitely. Dick Bissell, he's in good form, and you know how to get hold of him?

*Q: No.*

GORDON: I can tell you.

End of interview