

William F. Clayton by Ellen Garwood - 1947

This transcription is a portion of a 1947 interview of Under Secretary of State for Economic Affairs William F. Clayton by Ellen Garwood.¹ The transcription is from the Columbia University Oral History Collection Research Office, Columbia University (<http://library.columbia.edu/indiv/ccoh.html>). The George C. Marshall Foundation expresses our sincere appreciation to Columbia University and Mr. Clayton's great-granddaughter, Susan Clayton Garwood of Houston, Texas, for allowing the George C. Marshall Foundation to publish online those portions of the original 32-page interview dealing with Mr. Clayton's work on the Marshall Plan. Footnotes have been added.

I had conferences with the French about the Ruhr in the summer of 1947. The U.S. established, in conjunction with the British, French and Russians, the level of industry permitted in the Ruhr, the maximum steel production: so many tons – 7,500,000; average production not to be over 5,200,000. The U.S. was considering raising that figure and the French objected. Before the war Germany had 20,000,000 tons of steel capacity. In my conference with the French we loped to find a formula for controlling the disposition of the steel products which would satisfy them. I talked to M. [Georges] Bidault, Minister for Foreign Affairs.

In France I went to see [Andre Leon] Blum who had come to Washington as head of the French delegation to negotiate a loan to France and for the settlement of economic, financial questions relating to the war and lend-lease, questions relating to the army and all questions of that kind. Blum told us that the French were in accord with the principles of the expansion of world trade and employment which the British had agreed to in 1946. In 1947 at the Geneva Conference on reductions in tariffs, the French raised their tariffs. Most tariffs in Latin countries are specific (duties by the yard, ton or bushel) and not ad valorem (percentage of the value) so that due to inflation those specific duties were no longer protective for prices had gone up so much. France wanted to revise her tariffs to give the same protection as before, wanted to alter the specific rates to ad valorem and put her ad valorem rates on the same basis of protection as her tariff had been before inflation. In French style, however, they did more than that, and that we violently objected to. In this view Blum agreed with us; while he was in Washington I went to see him and found him sympathetic. In our conversations in the subsequent weeks, after much pulling and hauling, we got their tariff in proper shape. I went to see him where he was living on a small farm outside of Paris, in a modest, little cottage. It was summer but a cold day. This cottage had formerly been a stable; it was a rainy day, late in the afternoon, and Blum was in an old dressing gown, hard at work in his library. He spoke French so clearly and slowly that I could understand him perfectly. He assured us he was in agreement and that France would cooperate with us in reducing her tariffs; that he would look into the matter. He had no official position at that time; he was head of the Radical socialists.

The thing that impressed me was the intensity with which the French people – as evidenced by the attitude of their political leaders – regarded the possibility of an attack by Germany again. It was understandable, for in the recollection of some people Germany had attacked three times; in the life time of millions others she had attacked twice. It was a phobia with them and it came out in the talks on the Ruhr; mixed in it was the wish to keep Germany down as an economic competitor.

One night I had M. Bidault and Jean Monnetⁱⁱ, Lew Douglasⁱⁱⁱ and [Ambassador Jefferson] Caffery^{iv} to dinner at my apartment in the Meurice Hotel. Caffery was quite a connoisseur of liqueurs and likes to drink. I think I had cocktails first and wine with dinner and Caffery said to me “The minister likes a liqueur and you’d better order it.” I called the waiter and he brought it and served it in small glasses to the others and went out. Bidault was not interested in it. Caffery said “get some more.” Lew Douglas gave him his. Caffery was tight as a knot on a log. It’s a shame to have a fellow like that, putting on such a show. I had an office in the American Embassy when I was in Paris and when I’d ask Caffery to come see me about something he would send in his Military Guard to me ahead of time to announce that he was coming, although we were in the same building! Also he always kept two or three minions who’d salute you at the front door as you came into the Embassy – one at the office door, two other lackeys at a little desk in an office in the hall so that when he came out of his office one would hand him his hat and the other his cane and when he went downstairs they went through a big ceremony to put him in his car – one going ahead opening the door for him and the other two behind, like a military guard standing at attention. His residence was something out of this world – six lackeys clicking their heels at his orders, four butlers for six people at lunch, and for dinner a butler behind each guest’s chair! If anything went on in Caffery’s head you’d never know what it was, all he does is nod acquiescence, never has any ideas, never get anything constructive out of him.

I respect a fellow like Lew Douglas who has ideas of his own and who’s not just a lackey. Some fellows think that as long as they don’t stick their necks out they’re all right in the diplomatic service.

[Paul] Ramadier – President of France – was a simple old man, genuine. You didn’t see any “gold lace” about him, none of that sort of thing. Jean Monnet told me that the French didn’t appreciate, didn’t approve of the style Caffery put on.

I left Geneva May 18, 1947 to go home to try to stop the high tariff the U.S. Congress was about to put on wool. I arrived back in London on June 22, 1947 and back in Geneva one week later, June 29, 1947.

In London 10 Downing Street^v is as simple as can be.

I was in Paris two or three days a week every week all through the summer of 1947 in order to participate in the Marshall Plan talks. I made my hotel and travel reservations under the name of William Lockhart, and then they got on to that.

I was making the point that the French had cut their acreage of wheat about 25%. Jean Monnet said no. Farmers had cut their acreage because they didn't want to take paper francs which were useless for their products. We agreed to get production up, we had to provide incentive goods, such as agricultural implements, clothing, fertilizer, etc., or restore confidence in the franc.

Bidault and Bevin got together on the Marshall proposal to discuss it about 28 or 30 June and invited [Vyacheslav] Molotov^{vi} to the discussions. (Molotov walked out of conference July 2, 1947.) CEEC (Committee on European Economic Cooperation)^{vii} was started about July 16th, when 14 other nations sent delegates to talk with British and French about Marshall Aid.

Marshall made his famous speech June 5, 1947 at Harvard. I went to London June 22, authorized to discuss Marshall's proposal with the heads of the principal governments concerned – Italy, England, France, Belgium. I arrived in London June 22, Sunday, and on Monday the conference started at 10 Downing Street; Ambassador Douglas and I for the United States, and [Clement] Attlee^{viii}, [Ernest] Bevin^{ix}, [Stafford] Cripps^x, and [Hugh] Dalton^{xi} for Britain. Technical people came in later. After four or five days of conferences, an aide-memoirs was drawn up by the British Civil Service as being a statement of points agreed on which had been presented by Douglas and myself. We made corrections, and then the final form was drafted to be used as constituting the preliminary steps in the plan.

Bevin went to Paris Friday night to meet Molotov, who'd been invited to talk this over by Bevin and Bidault. The conference started Monday, June 3. Molotov was hostile from the beginning, his hostility based on objection to the formation by interested European countries of an organization for cooperation between the countries. He said he wouldn't object to a plan whereby each separate country would submit its needs to the U.S. He tried to get Bevin to tell him what the U.S. and Britain had talked about. But Bevin would not tell him unless he was sure Molotov would come along.

When it developed that USSR would not, at that point, come in, then Bevin and Bidault issued a joint invitation to every country to consider action to be taken in regard to suggestions of Marshall's issued invitation and this note went out July 16. The invitation created a stir in all the capitals of Europe, which were satisfied that USSR was anxious to accept, and in this belief Czechoslovakia gave formal acceptance. But the Czechs were called to Moscow and told they had to withdraw their acceptance, which Poland had wished to accept too.

Sixteen countries sent representatives to Paris, July 16th, to form themselves into CEEC, one representative for each country. That CEEC organized an executive committee which was to sit at all times and do work, representing England, France, Italy, Holland, Norway and to report to the large council. Sir Oliver Franks^{xii} was chairman of both committees.

The first work was the questionnaire to the governments of 16 countries on production, problems of exports and imports, expected balance of payments – deficits over a period of four years. The reason for the continuing organization throughout the life of the Marshall Plan was to keep a central organization to follow the administrative progress of each country under the Plan, to have a body to which each country was to report on its performance of agreements about production, on its schedule and promise to produce in a form binding its program on the government. The Central Organization was to check on the performance of each country. Oliver Franks said five countries would withdraw if we insisted on this, but they didn't. In one conference, Norway said her country was not going to look into her neighbor's backyard! (The Norwegian delegate was afraid of USSR not liking this aspect of the plan.) I said, "*What we are proposing is a necessary step among countries which have a community of interests, each had an interest in the economic recovery of every country in the group, each is vitally affected by the failure to recover of every other country in the group, and this demands that there be a central organization of countries working with one another on plans necessary for the recovery of the whole. If we are wrong and you countries don't have a community of interests necessary for recovery of the whole group, then we in the U.S. are worrying about the wrong thing, Norway, and you'd better go do something else.*" Finally, Norway cooperated.

We worked on the theory that as far as possible the U.S. should deal with the Central Organization, and that any country which did not come in on the basis of checking by the central organization should stay out.

ⁱ Ellen Clayton Garwood was the daughter of William Clayton and the author of *Will Clayton: A Short Biography* (Austin: University of Texas Press, 1958)

ⁱⁱ French economist and diplomat. Appointed commissioner general for planning in 1947, he created and directed the successful Monnet Plan to rebuild and modernize France's economy.

ⁱⁱⁱ Lewis Douglas, United States Ambassador to Great Britain

^{iv} Jefferson Caffery, United States Ambassador to France

^v The official residence of the British Prime Minister.

^{vi} Vyacheslav M. Molotov, Soviet Foreign Minister

^{vii} The Committee on European Economic Cooperation, which represented 16 European nations that met in Paris on July 12, 1947 to formulate a joint economic recovery program in accord with Marshall's suggestion. The Committee presented a report to the United States Government on September 22, outlining a four-year recovery program, and showing an estimated need for dollars "to meet trade deficits of about \$22 billion.

^{viii} Clement Attlee British Prime Minister

^{ix} Ernest Bevin, British Foreign Secretary

^x Hugh Dalton Chancellor of the Exchequer in Attlee's post-war Labour government 1945-1947

^{xi} Sir Stafford Cripps Chancellor of the Exchequer 1947-1950

^{xii} Sir Oliver Franks was chairman of the Committee of Alternates tasked to make recommendations to the plenary body on the three items on the agenda.