

ECONOMIC COOPERATION ADMINISTRATION

Office Of The United States Special Representative In Europe

Paris.

Nov. 14, 1948

Dear Bill,

My apologies for the long delay in writing, but I'm sure you've heard via Frank Southard of the principal developments here. It has been an extremely interesting experience - and incidentally your G-2'ing was correct as far as the set-up and course of events here. The entertainment value has been near the 100% mark so far, with accomplishment value a much less spectacular percentage figure!

I've been preoccupied with the intra-European payments scheme since my arrival. True to our usual fashion, the only person on the U.S. side in Paris who knew all the technical details, Marty Rosen, had to return to Washington on Oct. 1 and Hubert Harlick and I had to pick up the ball in mid-air and carry things through by Oct. 15, while learning what it was all about as best we could. The result was a combination Poincaré-Pauline act and Kilkenny cat affair (among the European countries) quite unique in either Hubert's or my experience. But all ended well. Mr. McKeltrick had to fly back to Washington and get the basic policy straightened out with Hoffman and Sir Stafford Cripps. With this accomplished, the lines were clear enough to work out a sensible arrangement which, in theory at least, struck a middle ground between the opposing creditor and debtor interests in the scheme.

The formal responsibility for the payments scheme rested with Mr. McKeltrick's branch. Mr. McKeltrick has proved a tower of strength and both Hubert and I greatly regret his having to return to N.Y. so soon. He has been much the most effective of the senior people on Mr. Harriman's staff and a pleasure to work under.

My boss, Arthur Marget, on the contrary has proved a great disappointment to me. He is a very distinguished economist and of the highest order of intellectual objectivity, but unfortunately doesn't know how to handle himself in dealing with the various ECA mission chiefs or the foreigners. As a result he has become embroiled in a number of feuds within and outside the ECA set-up and is thereby greatly reducing his usefulness. This hasn't hampered my work - for all practical purposes I have been detached as adviser to Mr. McKeltrick - but it has naturally been a source of regret to see such a first-rate mind ^{largely} negate its usefulness.

The Harriman set-up is very interesting. It is strong on the policy side - with Harriman and Foster (especially the latter) keeping a firm rein on policy and doing

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an extraordinarily consistent job from the special H. approach. The senior staff under H. and F. is very spotty but with enough strength to serve as a good backstop. The second-level staff ranges from very good to impossible. Administratively, the office is a shambles and acquiring a notorious reputation among the country missions (and, I suspect, the OEEC).

The Missions also range from very good to impossible at topside. I visited the British, Swedish, Danish, and Belgian Missions towards the end of October. They are all above average, with the Belgian one ^{the only one} probably not entirely up to the job. The Italian mission under Zellerbach and the Dutch Mission under Valentine are horrible examples of practically everything ECA Missions should not be and I rather imagine Mr. Zellerbach will not last too much longer.

The really discouraging part of ECA is the Washington end. We got a bad enough impression of it at the Bank, but here in Paris it assumed the aspect of an unpredictable "force majeure" with a penchant for making wrong decisions. On the intra-European payments scheme, Bissell et al have been positive maniacs. They were, quite unintentionally, the cause of near disaster in August and September and only Mr. McKethrick's intervention saved the day. Then after we got the lines straightened out over here, they proceeded to make some snap decisions which are threatening to kick things over again. The story is always the same. We work out arrangements very carefully and laboriously over here and then a foreign government goes over our head and gets in to see Bissell and in fifteen minutes he undoes the work of weeks without having the vaguest awareness of just what he shall be doing. We then point out just what Washington has done but they feel obliged to back their own action and cover up.

Because of the muddled situation and my lack of confidence in the competence and - even more so - the sense of responsibility of the Bissell, Smithers group in ECA, I have decided to call it a day with OSR, Paris by next February 1. By that time I will have carried through on the exchange rate mission and have helped out OSR on the difficult phase of the payments scheme. I am still leaving open the matter of what to do next - whether to return to Washington or take a job in New York. But I'm convinced that

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I should leave this, the first organization which I have worked for in which I have no confidence in the competence of its leadership. It has been personally a very stimulating experience and I feel sure that my lack of respect for the key people in ECA hasn't affected my work (which, incidentally, has by and large been a seven day week proposition). But after having worked steadily for Frank and you for such a long time, I find the Bissells and the Smithes just a little more than I can take.

My very best to the chief. Tell her that Paris still eludes me but that the occasional glimpses of it are very nice!

As ever,

Lowell

P.S. The election was the great event here, ^{too} Everybody was completely flabbergasted, of course. The FRP countries were all very glad and made no bones about the fact. Mainly a distrust of the unknown and worry about the conservative wing of the Republican party, I should judge. The Americans, ^{for} too, were rather pleased. Many were like myself - altho leaning to Dewey before the election, ^{I was} somewhat surprised to find myself glad after the event that it went the other way. I was very glad to see the 80th Congress so completely repudiated; and also the election revived my hope that the Republicans would now see the light, get rid of the Old Guard element, and under new leadership become a responsible moderate party in opposition to a Democratic Party ^{increasingly} dominated by the labor unions. Also one can't help but admire Truman's courage, and ^{the} "demonstration" for all time! that you just can't tape the American voter. Personally I don't feel at home in either the present Republican or Democratic Parties, ^{under the circumstances} and prefer to see the group slightly left of my own connections win out over a group slightly to the right of me. Maybe four years hence we will see a Republican Party with the basic good sense of the English Conservative Party - if so I will probably become an "Alabama Republican"!