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

JACQUES J. REINSTEIN

Interviewed by: Thomas Dunnigan

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[Note: This interview was not edited by Mr. Reinstein.]

Q: Today I will be talking with Jacques Reinstein who had more than five decades of work in the field of foreign affairs for the United States government, both at home and abroad.

Jacques, perhaps we'll begin by you telling us something about your background, your education, and how you became interested in the field of foreign affairs.

REINSTEIN: Well, I'm a first generation American. I was born in 1911.

Q: First generation from what countries?

REINSTEIN: My father was from Germany, from Prussia, and my mother was from the German part of Switzerland. She was near the language line. They had both traveled extensively. As a matter of fact, my father was at port Arthur just before the Japanese attack and he and another German anticipated the difficulties, hired a truck and went into a German controlled town and?

Q: They didn't call them colonies there, they were concessions.

REINSTEIN: Since all this was German controlled they escaped the war.

Q: That is the Russo-Japanese War.

REINSTEIN: Yes, the Russo-Japanese War. He was engaged in selling very specialized jewelry from high princes and things like that. My mother had worked as a nurse in northern England and in Italy. Her father died when she was about three years old and she was the adventurous type and she decided she wanted to see what the new world was like.

My father, after escaping the Russo-Japanese War, made his way to New Orleans where he had a brother that was engaged in producing burnt leather and burnt wood that you hung on the wall; that was very much in fashion at that time. Both of them were artistically inclined. Anyhow he made his way to New York and he and my mother met. They lived in the same apartment house and met and married. You know in the world at that time you were free with what you could do. They thought they would like to go to Paris but my father was offered a job in Savannah, Georgia, and he took it and they went there and so I was born an American rather than a Frenchman after several years of their residence there.

I don't suppose we want to go into what life was like in Savannah, Georgia, at that tima very sleepy southern town. This is somewhat relevant to my background. A city which was the object of Sherman's march in the Civil War. My godmother remembered Sherman's troops as a young girl and the memory of effects of the war were still very much cherished. It was a port town and the largest exporter of resin and turpentine in the world, from the pine forests of Georgia.

It was a city which was outward looking toward the world. It cut off its relations with the state of Georgia at a very early stage because when the inhabitants of the backcountry outnumbered the inhabitants of the city they moved the capital out of Savannah. The county had virtual autonomy and that was the tradeoff of moving the capitol. They said they looked to the outside world rather than inward to relations with Georgia, and it had this international flavor and foreign trade was the constant element in our lives.

Both my father and mother had a number of relations in Europe and they were cut off from them by the First World War and the British blockade. So that in 1920 when I was nine years old and I had a younger brother that was about five, my mother went to Europe to restore the relationships with the families. She had actually gone back earlier, in 1913, and had taken me but I have no recollection of that trip. My first recollection probably is 1914. Just a little bit too late.

The State Department advised my mother not to take the 1920 trip but at that time they did not have legal authority to refuse her a passport. So she went in the face of the advice of the State Department.

Q: Why didn't they want her to go? The war had ended.

REINSTEIN: The conditions in Europe were very difficult.

Q: But with relatives there she could probably get by.

REINSTEIN: As I will explain, there were lots of things going ogreat threats to the stability of the governments and threats which came from the Communists; and there was labor unrest in this country. On our way to New York to get the boamy father had gone ahead to New Yorwe spent a full day in Union Station in Washington waiting for a train to New York because of the strikes on American railways. There was unrest in this country as well as in Europe, but in Europe it was quite acute. We traveled on an extremely ancient French vessel which had been in the African service; when they opened up the possibility of transatlantic relations again they put some of the ancient vessels in the service. As a matter of fact, the boats were in bad condition and the lifeboats you could see were rotten; we had a close encounter with an iceberg.

Anyhow, when we steamed into Le Havre harbor the big transatlantic liner the France, a four-stacker, was in dock and there were soldiers in steel helmets and fixed bayonets on board to protect it. We had a lengthy wait to get a boat train to go to Paris; it finally started about ten o'clock and it would stop along the way and there would be consultations with gentlemen with red ribbons in their lapels as to whether the train would be allowed to proceed.

Q: Communists, or not?

REINSTEIN: Oh sure. The train would stop. The boat trains never stop; they go from the port to Paris or vice versa. Anyhow, it took us from ten o'clock until five o'clock in the afternoon to get to Paris. It was not easy to find a place to stay; my mother had made no arrangements. She finally went to the YWCA and they found a place for us.

One of the things I remember is the disappearance of small change, which was in those days coppers. My mother went from one hotel to another trying to get rooms and every time she paid the taxi cab driver he paid her change in stamps.

Q: In stamps? [laughs]

REINSTEIN: In stamps. They were conserving their coins.

We made our way to Switzerland where conditions were better and then went to visit relatives in Germany, in Wiesbaden, which was in the French occupied zone of the Rhineland, very close to the American zone. The Americans were in Koblenz; when we went to public places very often American officers were there; coming to the French zone seemed to have some attractions for them, though I'm not sure what they were. But there were considerable visits of American officers to the French zone.

The conditions in Germany at that time, in 1920, were deteriorating rather rapidly. My father had been aware of that and he had sent ahead a barrel of provisions for us; I remember particularly I had a lot of canned corned beef and that canned corn beef was I think about the only meat we ever ate. One could see alsand this was in the eyes of a nine year olyou could see the beginning of the economic deterioration with the fact that the currency was not worth as much. I guess this was a time of Communist threats. But remember that the Communists had taken over the government of Bavaria and had threatened to take over the government in Berlin. There's an amusing story that's not true that they were going to go down and take over the government buildings in Berlin but they had to take the subway to get there and they didn't have the change that was required to buy the tickets. [laughs] And they never got to the government buildings because they didn't have the change.

Q: [laughs] That sounds like a German story.

REINSTEIN: It may not be true; it's just a kind of German mentality. What is true is that the Communist threat to take over the government was very real and at Christmastime the government simply left Berlin and went off and took vacation and got out of the city. There was street fighting. Later, in 1928, on a walking trip I made in the Swiss Alps I fell in with a German who had left Germany. I traveled with him for several days. He had been in Berlin in 1918 and had engaged in street fighting. He said they set up barricades. He just finally got fed up with the situation and left.

The Communists had taken over the Hungarian government, and had taken over the Bavarian government. They were all over. They were a threat, apparently, in Wiesbaden. At one point my uncle who we were visiting there, and my aunt, had a shoa merchandise shop of some kind. His wife was an extraordinary woman and one day she just put on a red blouse and stood at the store door to indicate their sympathy with the workers. After our visit to them and some other relatives we returned to Switzerland and we went down to the area of the lake of Lucerne. It was very interestinI'm sorry that we never kept of copy of thibut they used to get out once per week a list of all the people who were staying in the various hotels. Most of the royal families of Europnot the British and maybe not the Swedes, but a lot of the otherhad sent their women and children to Switzerland to safety that summer and the list of the people who were staying there was extraordinary.

Q: Royal Highnesses, eh?

REINSTEIN: Yes, and as a matter of fact, in one of the places where we stayed, one of our neighbors was Queen Marie of?

Q: Romania.

REINSTEIN: Yes. A nine year old American had absolutely no hint of limitations in what he did in curiosity. I wandered into the French headquarters in Wiesbaden and there was a soldier on duty there and he told me to get out. One of the things we always did when we could was get American flags; I said to him, "I'm and American," and he patted my flag. I pretended that I didn't know any German at all, a useful thing to do. Anyhow, he finally said to me, "Rous mit dir!" [laughs] But a nine year old, really an American without any inhibitions, could sort of poke his way into all kinds of things.

Q: Jacques, what a wonderful education, a practical education this was to you, seeing Europe in those days.

REINSTEIN: One of the things that struck me after I came back from Germany to Switzerland: I was sitting at the table in the restaurant while the waiter was cleaning up and I looked at the adjoining table where people were eating and I said to my mother, "In Germany the people are practically starving and these people are eating so well." The impressions that you got were really marked.

Q: Sure.

REINSTEIN: Anyhow, we came back on the France. Our trip back was not eventful.

I went to public schools in Savannah. The schools were excellent because, as I said before, the county had autonomy from the state and had developed a very fine school system, at least for the white children.

Q: Ah yes.

REINSTEIN: I don't know what the quality of the schools was for what we now call African-Americans. Then we just called them colored peopla term which seems to be to me inoffensive still.

Well, in the first place, we continued to be in contact with our relations in Europe. I was compelled to write letters in German to my grandmother occasionally. I neglected to say at an earlier stage that we were originally a German speaking family and we were put under pressure to speak English even in the family during the First World War. The feeling against Germany was extraordinary. You didn't play German music. The music of all the great German composers was completely barred and stupid things like sauerkraut, becoming liberty cabbage. We didn't go to those extremes in the second war because we could make a distinction between the Germans, as such, and the Nazis.

At any rate, growing up I had a continuing interest in foreign affairs and relations in Europe and what was happening in Europe. And these were interests which were I think encouraged in school. We were, as I guess people now are, required to take a foreign language fairly early. German had been barred so we were limited to French and Spanish, but we were required to study one or the other for many years. I actually began the study of French at home a lot earlier, at a very early age. I did a lot of reading about foreign affairs, stories about Latin America in particular. I began to think that I would like to be in the Consular Service. Maybe it was many stories which involved the people in the Consular Service I found attractive and began to think of making that a career. My objective was the Consular Service and I thought of going to the Consular Academy in Vienna and then I learned about Georgetown Foreign Service School which seemed to be more appropriate and I decided that that was where I should go.

Stamp collecting is a good way of stimulating your interest in foreign affairs because in collecting stamps you learned about all the colonies and you got a certain amount of background. And of course there was a great interest I think in the history of what had happened. We learned about things like the Boer War because that had been a very contentious issue in Europe; most of the Europeans sided with the Boers; the feeling of German-speaking people got reflected in the German population in the United States, which was very considerable. There was a German church in the city of Washington and the church's emphasis reflected on Washington and what the city looked like; you had the Italian church which was down around Fourth Street and is still a very big Italian center; the German church, which was St. Mary's on Fifth Street or Sixth Street; and the Irish Church, St. Patrick's, on Ninth Street. These were communities in America and they retained their cultural ties for a long, long time.

We were exposed both to German and French influences there. The Benedictine church was staffed by Germans, at least in part, but normally our family had relations with the Little Sisters of the Poor were French. My father had very close relations with them. I came to be subjected to the foreign influences and then as my studies progressed in school I became very interested in the Far East, in the civil wars that were going on at the time, and I followed them in great detail and I could, for a long time, identify all the principal armies contending in the areas that they controlled. I took a very lively interest in China.

I graduated from high school at the age of seventeen and my parents did not think I was mature enough to go to college and they thought I should spend a year in Europe. My mother had to go for family reasons; my father and mother both made trips to Europe in the 1920s. Anyhow they were a family of generations that led her to have to go to Europe in the fall and the summer of 1928 and my parents thought that a year in Europe would be good for me before I went to college so I was sent off with my mother. We took a freighter from Savannah to Brest and we arrived just in time for the launching of the first of the new German transatlantic liners. We came in on a great occasion for the city. We came down to Switzerland by rail by way of Cologne, exposed to that marvelous city. I was happy to have seen it after World War II; I had seen it in its glorious days. And we came down to Switzerland where my mother arranged to have me take courses at the University. I entered the music conservatory. I had been a student of piano.

I was an unenthusiastic student of music. I realized that to really be good at it I would have to practice twelve hours every day so I got out of the conservatory, got my money back and used it to rent skis instead.

Q: [laughs]

REINSTEIN: My studies were mainly of languages. I did some legal studies. But there was only one other American at the university who was completely subjected to the influence of my local friends and to the other foreign students at the university. I studied languages but also did some legal studies. An interesting character, canon law taught by the dean of the legal school. One of the things which is relevant at this point was a commentary on the difference between the United States and Europe, primarily a Protestant study. The gap between the Catholics and ProtestantI'm a Catholic mysell find to be really shocking. It was shocking. I was invited by one of my professors who was from an aristocratic family that took over the city from the bishothere was a prince bishoand the Reformation gave them a good excuse to kick the bishop out and take control. The government had been for centuries run by the leading aristocratic families and he was a member of one of these families who was dully identified as such, particularly if your name ended in "in" like Saracen or in Borckdt. But it had to be spelled a particular way, with "ckdt." Those were aristocratic families. If you're name was spelled differently you did not belong. Anyhow, there was still very much a class distinction.

Q: What city was this Jacques?

REINSTEIN: This was the city of Basle.

Q: Of Basle, Switzerland. Okay.

REINSTEIN: Which was a canton under the bishop. It became a part of Switzerland I think about the time of the Treaty of Westphalia. The prince bishop had been directly subject to the emperor, which meant it was virtually independent. The city was virtually independent in that loose thing called the Holy Roman Empire. It did join the Swiss confederation at some point.

To illustrate the gap between the Protestants and the Catholics, my professor invited me to bring a friend and I brought a very close friend who was a Catholic also. It was the first time he'd ever been in a house with a Protestant.

Q: And he was a grown man?

REINSTEIN: He was a law student at the time in his early twenties; he was older than me. But a very close pal and my skiing companion.

I spent one semester there and then I went on to Paris and spent a semester at the Alliance Franï¿½ais. They had a school; I think the organization had broader purposes, but anyhow they have a school which specialized in training foreigners in the French language. The level was very high. As a matter of fact, if I had taken a little bit more trouble and taken the exams I could've gotten a certificate which would've permitted me to teach French anywhere in the United States. I was in the highest class and there was one other American, a young lady from Philadelphia, one of the great Philadelphia families. There may have been other Americans but we were sort of singled out because we had studied in Switzerland and had acquired a somewhat slight Swiss accent to our French and while they wanted to rub out our American tendencies they found that in our case they had to rub out a Swiss influence as well. [laughs]

Well it was an interesting time to be in Paris. They were carrying on the discussions of the Young Plan, to cope with the German reparations and the war debt payments.

Q: This would've been about 1928 or?

REINSTEIN: This would've been the spring of 1929. The conferences took place at the hotel George the Fifth. There were daily accounts of the proceedings in the French press which I read. I didn't read, maybe because I couldn't afford it, the Herald Tribune, which I did look at occasionally but I've read mainly French newspapers. So that was going on.

Another thing that became clear in that time period was the beginning of taking a second look at World War I and a beginning of a rethinking of the French and their relationship toward the Germans. As a matter of fact, the first Zeppelin that the Germans launched made its maiden trip from?

Q: Stuttgart.

REINSTEIN: What was it.

Q: Stuttgart, I think.

REINSTEIN: No, no. It was up on Lake Constance where they built it. It traveled down the Rhine as far as Switzerland. I was visiting the American consulate and one of his German local employees burst into a room and said, "Herr Consul, Herr Consul! Di Tipoline! Di Tipoline!" (Mr. Consul! Mr. Consul! The Zeppelin! The Zeppelin!) We peered out of the window and it was there.

Q: That big cigar was there.

REINSTEIN: It was there and it was the first trip. What made me think of the Zeppelin is that I went to a movie in Paris, probably Ramona, if that rings a bell to anybody, and they had an orchestra which played the song Ramona all through the movie, over and over and over again. In those days the movies began with a newsreel. That was the practice in the United States and I found that it was also true in France. They showed a picture of the first real trip by the Zeppelin and the audience broke out in applause.

Q: Oh, the French audience!

REINSTEIN: The French audience applauded the German accomplishment.

Q: Wow.

REINSTEIN: Going back a year, we had the Kellogg-Briand Pact.

Q: No war.

REINSTEIN: No more war as an instrument of national policy. As a matter of fact, my French teacher in high school was her star pupil [laughs] had me enter a national competition to translate a French speech by Briand on the signature of that pact. The atmosphere of searching for another look at World War I was under way. In that year also, and it swept Europe, was a publication of Erich Maria Remarque's book All Quiet on the Western Front in German. It just swept over Europe. Actually at the end of my studies in Paris I went back to Switzerland to do some hiking in the Alps and in the Black Forest and on the trip I read All Quiet on the Western Front in French introduced with French dialogue. "In the west nothing new" was a literal translation.

Q: "In western nights Neues.".

REINSTEIN: And looking out of the railway car windows I saw poppies growing. The poppy was so much a symbol of French warfare. I don't remember whether your memory goes back to that time but they used to sell poppies?

Q: Poppies on Memorial Day. Oh yes, very much so. I remember that.

REINSTEIN: In this country you paid a certain amount for the poppy which we used at the graves of the World War I veterans. For all the people that died. That was kind of the atmosphere which was developing at the time.

I returned to the United States somewhat reluctantly. I thought of casting around and trying to get a job maybe with the Herald Tribune and putting in some more years in Paris but my parents dragged me back home and sent me off to Georgetown. The program of studies at that time was a five-year program leading to a graduate bachelor's degree, which was considered as similar to a LLtwo years of preparatory work and then three years of in-depth professional studies. Although it only carried a bachelor's designation, when we graduated we received hoods.

Q: This was in the school of foreign affairs?

REINSTEIN: The school of Foreign Service of Georgetown University which was the first school in the country to specialize in the study of international relations and the regent of which was Father Edmund A. Walsh, a Jesuit of some renown. We did graduate work; as a matter of fact I, at a very early stage in my studies there, took a graduate seminar in the Communist revolution and the Soviet state. When we were required to do a junior thesis I divided up with another fellow on the subject of foreign relations of the Soviet Union and he took the early part and I took what I thought was the more interesting part which was the role of foreign policy after the death of Lenin.

Q: During the Stalin period then?

REINSTEIN: Yes, during the Stalin period. It was wonderful studying in Washington because you could go to the Library of Congress in the reading room and you could get any book you wanted in about ten minutes time. I did a number of major papers on it and spent a great deal of time in the reading room of the library. I did not have Russian so my reading would be in English, but there was quite a wealth of material on the Soviet Unionot nearly as much as there is now. Studies of Russia and the Soviets were not very widespread I think at that time. Antagonism seemed to prevent people from engaging in in-depth studies. As a matter of fact, for a long time Columbia was the only place which really had very good studies.

Q: And still does, I guess.

REINSTEIN: Oh yes. The program there was developed to a high degree by someone who worked in the State Department, Stuart Mosley. He was the head of Russian Studies at Columbia, an excellent place. Father Walsh spent some time in the Soviet Union in the immediate postwar period; maybe it was only a cover, but he was there to help provide material aid to the civilian population.

Q: Yes, because foreign priests weren't welcome there necessarily.

REINSTEIN: He spent some considerable time in the Soviet Union and he wrote a book on his experiences, the topic of which I forget. It's very interesting and entertaining book. It tells a lot about what life was like in Moscow, a book dealing with the Soviet government. It's really a book well worth the study of anybody interested in that period.

So we divided up the subject. I think I worked on this for a year under Walsh, the foreign relations of the Soviet government after the death of Lenin. And my conclusion was that from the observations that one could makand these sort of cover the period from 1924 to 1930 roughllooking at what they were doing, my conclusion was that their foreign policy would increasingly became more that of a national state.

Q: Or less of the international proletarian?

REINSTEIN: They would always keep the class wars and the support of the local Communist parties. I don't think that I thought they would use military force, but that carrying on the revolution would be a very useful adjunct to their policy. But increasingly, of necessity, their interests would drive them to act more or less like a national state and behave like a national state. This was, I must say, not something which I found in the literature which I read.

We spent a lot of time on economic matters. I had another graduate seminar which was of considerable help to me later; it was on international trade and the professor was Doctor Wallace Baclure, who was at that time assistant chief of the treaty division. The State Department at some point had decidethis was before the development of the trade agreements progratreaties deserved to have some kind of professional guidance and they'd been largely carried on by the geographic officers. While there was a tendency to look at the previous ones; they had it more or less in standard form. The treaty of Friendship, Trade and Navigation, or something like that I think was the standard title and they had standard text.

Q: Well Jacques let me skip ahead. Looking ahead, was it at that time that your interest was sparked in international economics? Because so much of your career, and later years, revolved around that. Or did that just happen?

REINSTEIN: Well I received quite a grounding in economic matters in Georgetown and then I came into an economic office in the department.

I was going to say Dr. Baclure had a graduate seminar and that was the one in which I did my graduate thesis. It was largely devoted to international trade matters and we had sort of a fundamental grounding in international trade. And then a very specialized concentration on what was called the international control of raw materials. At that particular time what had happened ithis would be in 1932, '3by that time we had reached the depths of the depression, but even before that there had been development of greater capacity for production of raw materials than the market would bear. When the depression hit that had happened with respect to nitrate, for example; the Chileans were great sources of nitrate and tried to control the supply and price of nitrate, unsuccessfully. At a later stage there had been somewhat of a supply of coffee and the Brazilians had attempted, through their own efforts, to work out support of the price. Those experiences had sort of led people to understand that if you were going to do something to support prices and control supplies it had to be done on the basis of participation with the major countries involved.

There were developments of oversupply already before that; these were greatly accentuated by the depression which hit hard a number of commodities, sugar particularly. Coffee, cocoa, rubber. We did in-depth studies of these problems with the benefit of a text of the only book that existed at the time by Lynn Edminster who was in the trade agreements division, probably a leading expert in that subject. This was invaluable to me because later in the Department I became responsible for this type of problem at one stage. Anyhow, my graduate thesis was on the rubber industry of Malaya.

Q: I find it very interesting that you'd taken the previous course in international trade and this was right at the time of the Smoot-Hawley tariff where we had this terrible barrier against any imports at all and Cordell Hull had not yet come along with his trade agreements.

REINSTEIN: The Smoot Hawley tariff had a stifling effect on foreign trade, not only on imports but in a declining economy around the world on our exports.

Q: Was that taught at Georgetown? I mean the serious effects of that tariff.

REINSTEIN: Oh, yes, oh yes. I think that's where I learned to call it the notorious tariff. Which is still the basic tariff act of the United States.

Q: We keep amending it with.

REINSTEIN: It's been amended but the basic law is the tariff act of 1930, as amended. [laughs]

Q: [laughs] Oh, my. How we have progressemaybe.

REINSTEIN: I graduated in 1933.

Q: At the depth of the depression then?

REINSTEIN: It was. As a matter of fact, my family went broke at the time of the bank holiday and I found myself in the position of having one semester yet to go and three dollars in my pocket. I had the good fortune to get a job at the university as an assistant to the professor of accounting. They had somebody doing the job where they paid forty dollars a month and he committed suicide so they offered me the job at twenty-five dollars a month.

Q: [laughs] Might be enough to make you commit suicide.

REINSTEIN: To correct the record I had gone through two years of accounting myself and I had a very good record. I graduated Magna Cum Laude and I missed the Summa by just about an eyelash because my father couldn't drum up the money to send me for my last year and for a while I was late and I missed one key lecture in maritime law. So I muffed one question on that exam. Otherwise I would've been a bit over the standards; I could've made Summa.

Let me say something about what was going on at the time and what engaged the interest of the students. One of the things that was going on was the Manchurian so-called incident that occurred in 1931. We had an extreme isolationist as our professor of international relations. He was the dean of the school, a terrible man. I remember him saying to us one time, "The way things are going you guys are going to be in the trenches in Manchuria within the next six months." I think that sentiment in our class was that was where we belonged. The sentiment was very strong that we should take action against Japan.

Q: Resist the Japanese.

REINSTEIN: Prior to that time, the Japanese had attacked the Chinese in Shanghai and there were various incidents along the Yangtze River, including the shelling of the American gunboat patrol. There was American gunboat patrols.

Q: The Panay?

REINSTEIN: The Panay incident.

Q: That didn't happen until '37.

REINSTEIN: Was the Panay in '37?

Q: That was in '37; that was later.

REINSTEIN: Well there was another incident where they fired on a?

Q: Well, they were very unhelpful, the Japanese, in all?

REINSTEIN: Well, they fought. There was a major war fought across the river from an international settlemena French settlement. There was extraordinary warfare right across the river from the international settlement and the American gunboats on patrol on the river were involved in incidents near them all the time. We had been keyed up for this.

The subject that really going the students excited was the situation in Cuba. What seemed to happen in Cuba frequently is they would get a reform government and the reform government could only cope with the problems in Cuba by being dictatorial and gradually degenerated into a dictatorship. The president of Cuba at the time was Gerardo Machado. He was a college professor, professor of economics, I think. He was faced with the collapse of the price of sugar and they were very concerned. There were very important American interests and the Americans got deeply involved in the ownership of producing facilities. The banks were also concerned. As a matter of fact, National City Bank designated one of their high officers to see if he could work out a scheme for raising the price of sugar.

The American interest was such that at the time of the World Economic Conference of 1933, which...

Q: In London, right.

REINSTEIN: In London. They did sign an international sugar agreement which continued in effect until World War II, and on which I later worked.

Q: After you left Georgetown, Jacques, how did you get a job in that terrible depression year of 1933?

REINSTEIN: The first job I had was a very interesting one which contributed to my later career. It was involved in the translation of book four of Suarez's great work which was thought to have been the inspiration for Grotius' first book on international law. The Carnegie Endowment for International Peace was celebrating its fiftieth anniversary and this document had never been translated into English; it had been translated into French in the mid nineteenth century. But it was really unknown and they thought that that would be a contribution to the study of international law and to available literature. They had entrusted this one man and he didn't do a good job and they gave it to a professor of mine at Georgetown, John Waldron, and I think John, maybe knowing that I was on my uppers, asked me to work with him. It was really a very difficult exercise. We were working from something called a cullet-type, in which the letters were printed in white on black background. [laughs] Very difficult and we were translating from Latin. We finally concluded that because there were so many marginal references and things of that kind that you really couldn't understand the text unless you ran back or had some familiarity with them; so Dr. Waldron reported back to Carnegie that he could not do the job and made some recommendations on how they might pursue the project. I'm not sure whether it was ever done. Anyhow, it was a fascinating job and very interesting in this respect: Suarez maintained that people could acquire rights against the prince by usage, by prescription. This was just at a time of the propagation of the idea of the divine right of kings; King James of England wrote to the king of Spain and said that, gosh, Suarez is a dangerous fellow. You ought to lock him up.

Q: [laughs]

REINSTEIN: Suarez escaped that. One of the stories that goes around in the Catholic church [laughs] is that he was saved by the Masons.

Q: Oh no. [laughs]

REINSTEIN: At any rate, when we finished that I was on my uppers and I was beginning to look around at going to various New Deal agencies because these agencies were proliferating like mushrooms and you spent a great deal of time hanging around personnel offices and trying to get interviews, one after another. It was a rough time for me because I had no income at all. But Norm McFadden, who was a great fellow for muscular development and published a magazine and various other things, had established a chain of penny restaurants at which people who were out of work could eat; everything except coffee was a penny. There was one at which I used to eat in the 1700 block of Pennsylvania Avenue. I didn't take the coffee but it was a great thing to be able to get food at a penny a plate.

Q: Anybody could come in at one of McFadden's places?

REINSTEIN: McFadden has never been given credit for that. It was a wonderful idea. Well, it was, although a difficult time, an exciting time in Washington because the whole atmosphere of the city changeand to some extent the countrbeginning with Roosevelt's inaugural speech. It really stirred up people's hopes; people were so desperate and under Hoover they didn't do anything. Their attitude was: well, there's nothing we can do about this. We have to live through it and with time it will get better. The only thing they did was to establish the Reconstruction Finance Corporation. Mr. Hoover, ever since we entered his name into this discussion, reminds me that he was responsible for building the Commerce Department building, which was the first modern building of the type that now lines Constitution Avenue. The Democrats made great fun of it. It was called Hoover's folly. The Democrats criticized the appropriations and said that the building would never be filled. Well, the National Recovery Administration, for which I went to work, was located in the building and the part of the organization that I was in had to move up because there wasn't room enough. [laughs]

I made the circuit of agency after agency. The higher positions in these new agencies that were proliferating like mad were filled by people from the business sectors to some extent, to an important extent Republicans. A lot of them were Republicans and people of academia. They called on academia to an important extent because you couldn't go through the Civil Service routine. They just hired people and put them to work right away.

My intention had been to take the Foreign Service examinations that year.

Q: That was '33.

REINSTEIN: That was 1933. And the examinations were canceled due to Roosevelt's economy woes or something like that. One of my classmatehe was taking a master's degrewas Alex Johnson. Alex and I both graduated from Georgetown in '33. I've talked to Alex since. It was terrible. We protested, a group of us that was expected to take the exams. We wrote a protest to the State Department on the cancellation of the examinations. I don't think we even received acknowledgment; I don't remember one. Alex had a very rough time. He was a cab driver; he had all kinds of menial jobs until he was finally able to take the examinations when they were started up.

Q: I don't think it was given again until '35. Is that right?

REINSTEIN: Something like that, I think. Alex didn't come in until '36, about the same year as I came in. But he went in the Foreign Service and I came into the Department. That's an example of how rough times were.

Q: And these were people with equivalent master's degrees coming out and unable to find really suitable employment, I gather.

REINSTEIN: Yes. Probably Alex didn't do what I did which was to try the New Deal circuit.

Q: But of course you also had economic credentials too, which probably appealed to some of the New Deal agencies.

REINSTEIN: Well I got in almost by accident. [laughs] Everything was really quite disorganized in a way and they were hiring people like mad and they didn't have good records of who they had on the payroll and things like that. The way I got in was I heard that they were taking people in a particular part of the NRA, the National Recovery Administration. I probably should say a couple of words about what the NRA was about.

Q: It might be useful to mention it. Hugh Johnson and the blue eagle that we all had on our windows.

REINSTEIN: The idea was to get industries to commit themselves to pay a minimum wage, limit the hours of employment, which was to support and to spread employment; and to agree that their employees could bargain collectively. This was one of the great reforms of American economy. The idea was to write them in a book called Codes of Fair Competition, which would bind all of the establishments that operated in a particular industry; as sort of an offset to that they would establish rules on competitive practices. Ruling out competitive practices which were considered destructive and would be exempt from the antitrust laws. A kind of cartelization of industry. Something like that had been done in Italy before then.

Q: Where there was great enthusiasm for it in many quarters, wasn't there?

REINSTEIN: They put on a great campaign getting people to sign, pending the codes that would be the President's Reemployment Agreement, the PRA. That was where they introduced the blue eagle. If you signed up the President's Reemployment Agreement provided for a minimum wage of forty cents an hour for a man and thirty-five cents an hour for female workers and the maximum of forty hours a week. But then there could be exceptions from that and exceptions could be allowed by the local chambers of commerce. They worked out a code for the textile industry, which was the first, quite quickly; but to work out codes for all the industries were time consuming jobs, and so they needed to establish standards for particular industries which would be temporary and would be delegations from the President's Reemployment Agreement. A small staff that was set up to handle that. I had been sent to someone who had been in the NRA who was knowledgeable about getting a job in what we called the Blue Eagle Division. I don't know what the Blue Eagle Division did [laughs] but it administered some part of the program. Anyhow, he said they didn't have anything but he heard they needed people over at the PRA policy board and he sent me over to see a Major Claiborne Royall. Major Royall's brother was later secretary of war, I think.

Q: Kenneth Royall, later secretary of war.

REINSTEIN: Incidentally, Major Royall I found much to my surprise was quoted in Familiar Quotations, from a speech he gave. I forget what the citation was.

Anyhow, I was sent over to Major Royall and he had a room which had a desk and a chair for him and it had one stenographic chair and he sat me down there and then eventually he gave me some papers and said, "Here, analyze these." What they were were code proposals from industries. The function of the PRA policy board was to give derogations to particular industries from the wage and hour divisions, which meant that they had to look at the industry, and I began with the simple task of simply analyzing the proposals and summarizing what it was that the industry wanted, sitting there writing on my knee. Royall dashed in and out of the room and that's the way things went. [laughs] And after an hour or so he came and he looked at what I was doing and he said, "That's good. Now carry on," and so I carried on and at some point people went out and got something to eat and so I went out with them and came back. And about midnight we began moving furniture around so I pitched in and moved furniture. I don't know, about twelve-thirty or something like that we stopped working and so I said, "Do you want me to come back tomorrow morning?" and he said, "Yes," so I was put to work.

Q: That was you being hired.

REINSTEIN: There was a misunderstanding. He thought that I was working in the Blue Eagle Division, that I was already on the payroll and I just wanted to transfer. The practices were extremely loose in that area. They were looking for live bodies to do things. So anyhow I was put to work as an analyst and they said they would pay me $2600 a year which was for a graduate a princely payment.

Finally he came to understand that I was not on the payroll, but I said that I had an application pending; and while they were hiring people from universities for the lower paying jobs, you had to have political endorsements. So we had to have a letter from my local democratic organization supporting you, saying that you were worthy of consideration for a job. I had that. I had to file that with the personnel office. It turned out the personnel office had lost my file, so?

Q: Welcome to government. [laughs]

REINSTEIN: [laughs] Royall said, "Well, who's your senator?" and I said, "Senator George," and he said, "Will he give you a letter of recommendation?" and I said, "Well he gave me one so I suppose he'll give me another one." And he said, "Look," and I think he maybe gave me some money, "Take a taxi cab and go down to his office and get a letter and bring it back so we can settle this." Taxi cabs at that time I think cost something like ten cents a mile. Anyhow I went down to the Senate office building - it was a House office building and a Senate office building at that timand I went to Senator George's office and I told the girl that the senator had written a letter for me and would she please just make a copy of it and give it to me. Well she went and looked and she couldn't find my file either, so I said, "Well, let me speak to the senator," and she said, "I can't let you speak with him." I said, "All right, write a letter for him," and she said, "I don't know how to write a letter," and I said, "I'll tell you what to put in the letter. Can you sign the senator's name?" and she said, "Yes." I said, "All right, either let me see the senator or write the letter and sign his name." So I dictated a letter to her telling her what a fine Democrat I was and the recommendations that I had received and she signed the senator's name to it and I went back to the NRA with this letter.

Well, then they gave that to personnel and then they said, "Well, we now find that we don't have a vacancy as an analyst, but what we will do is we will put you on the payroll as a messenger and then we will reclassify you in a week's time." And I said, "Well, anything to get on the payroll. If you say this is the thing to do, fine." Well, I went on the payroll at a salary of $840 a year. Before the week was up, or before they got around to doing something about it, they decided that their personnel records were in such a mess that they would suspend all personnel actions and bring in the Civil Service commission to put their records in order and to classify people. And then there was a freeze at that level and I remained at that level. The Civil Service commission only thought that I was entitled to something like $1640 instead of the $2600. At any rate, I went on to the Compliance Division which supervised the administration of the process of administrative enforcement.

Administrative enforcement involved examination of complaints and noncompliance hearings before boards and finally, if you were found to be in violation, taking away your right to display the blue eagle. You had to appeal the procedure. It had a very large field organization because you had to be able to deal with people at the local level. The Democrats had decimated the Department of Commerce, which was Mr. Hoover's favorite. They treated the Foreign Service of the Commerce Department brutally. They closed all the foreign offices and told them they had to get on one of the only two American Flag vessels in the international transatlantic traffic; they were told they had two weeks to get on one of these two ships; if they didn't, their way back wouldn't be paid. Complete disregard of obligations they had for rent or hiring of people. These people were absolutely brutal. They went after the domestic offices. The Department of Commerce had really an excellent Foreign Service and it had an excellent Domestic Service. Well, what happened was the NRA picked up the Commerce Domestic Service officers and it picked up people who were trained Civil Service, used to dealing with business. We had to add on to the staffs. We had to put labor people in and all kinds of things, but we were able to build our field organization all over the country on the basis of these people that we got from the Department of Commerce and set up a field organization very rapidly to deal with the complaints coming in. So we had an excellent field organization.

Coming back to the President's Reemployment Agreement, they had to go through these codes and make decisions on temporary derogations from the President's Reemployment Agreement. The PRA policy board wasn't really a board, I guess. It was a board that consisted of three people probably, the chairman of which was Robert T. Stevens from the famous textile company. Bob Stevens was also the secretary of war who later had great difficulties with Senator Joseph McCarthy about an army dentist at Fort Dix who was alleged to be a Communist. Being a Communist, dealing with people's teeth, would make you a great threat to the country. McCarthy dragged out with this. He had poor Bob Stevens down there day after day after day. It went on for ages. Anyhow, Bob Stevens was the chairman and he and Claiborne Royall were the only two people who were above the age of thirty; the rest of us were all younger, in our twenties. We whizzed through these code proposals in about six weeks time and came up with decisions. We were known as the "boy wonders." We did the whole job and at the end of about six weeks I had nothing to do again, except I was on the payroll. It was at that time that they set up the Compliance Division to handle the administrative enforcement of the codes; since these codes were legal obligations they could be prosecuted in the courts for violations.

I had a very rapid advancement in that organization and very soon became a branch chief. All the branch chiefs were paid $6000 a year. I was way down there. Every few weeks they would rewrite my job sheet because they were prohibited by law from administrative promotions and so they would rewrite my job sheet and give me a raise. Finally, where everybody else was at $6000, I finally got up to $3200. I was chief of the Code Authorities Branch. That didn't really mean anything much because my responsibilities were much broader. The code authorities were the organization set up by industry to administer the codes. I had really basically two responsibilities; one was to deal with code authorities insofar as they were involved.

The other job, which I came by was as you come by jobs because there's a need to do them and I didn't have my time fully occupied, was to analyze why we were having problems of noncompliance in particular industries. That was really fascinating because it involved a study of the industry. What happened, as far as I could see, was that these problems of noncompliance resulted from the fact that in their efforts to get agreement on codes they papered over structural problems within the industry. They could be labor problems or they could be problems in the field of competition, or trade practices. Papering it over simply meant that you had problems that you had to resolve.

Q: It was there, yes.

REINSTEIN: I remember one of the industries I examined was a furniture industry where they were in the habit of working extremely long shifts and the total number of hours in the week was substantial, but of course that was the custom in the industry. Labor had an interest in maximizing the pay of the people who were working, at least the unionized part of the industry. So when the code fixed war levels there was resistance and noncompliance. There were all kinds of problems of that kind.

Well, one of the problems that the New Deal ran intyou may well have me say something about the atmosphere of Washington during this period, but sticking with the government's problems, one of the problems that they ran into very often was that most of the district judges had been appointed by previous Republican administrations. People went in to these judges and got injunctions against the enforcement of the codes, which were granted very freely by these Republican judges. It really became necessary to push some case up to the higher courts, the Supreme Court, and they decided to pick as a test case a case involving the lumber industry which had a large amount of interstate commerce. And the particular case that they had was an absolutely dreadful member of the industry and which dealt terribly with its employees. I think it was in Alabama.

They pushed this case along very hard; they had to nurse it through because the court system, as a result of this, incidentally they got little reforms introduced into the judicial code to expedite the handling of cases of this kind. It's incorporated in other parts of the code now, but originally Section 66 of the judicial code. When an injunction had been issued by a district court against the federal government, a federal agency, or a state government it made it almost impossible to go directly to the Supreme Court. It provided for, at the district court level, that the court had to be three judges, not a single judge. That came up in a case I later worked on with trade agreements that was very interesting. I'll come to it later. At any rate, this was before those reforms were adopted so they really had to nurse the case through the court system. They finally got this case through the Supreme Court and they thought they had a pretty good case and it was a real shock that the court unanimously declared the National Industrial Recovery Act unconstitutional on two grounds. One was that this didn't constitute a legal regulation of interstate commerce, which we realized was a weak point on things like a barbershop [laughs], but we had very good grounds on interstate commerce for major industries. The other ground was that it was an unconstitutional delegation of powers. Well, that we had more or less thought was a point on which we might have trouble.

Q: Was the case originally brought by the government or by the lumber industry?

REINSTEIN: The case was brought by the government. The U.S. versus?I can't remember the name of the case.

It was a real shock because we had anticipated the possibility that we would get turned down on delegation of power, but that is what could easily be fixed up because you could draw on the experience and write out in very specific terms what could be done under the act. You could transfer your experience into specific legislative language.

They worked for some time on the idea of getting corrective legislation, but the early enthusiasm for the NRA had kind of evaporated and the Congress at that point was unenthusiastic, probably the relevant committees; and this sort of work on successive legislation, as we called it, dragged on for some time.

Q: You didn't all lose your jobs suddenly overnight?

REINSTEIN: No, we didn't because what they did was they tried to keep the basic elements for a successor organization and since we didn't have any work to do that was a little tough. We were able to do that in part by keeping people on our payroll, because we still had an appropriation, and lending them to other agencies, particularly the Social Security Board which was just being formed; so incidentally the first chief of the Compliance Division, Arthur J. Altmeyer, my first boss in that division, was the first chairman of the Social Security Board. He came from the University of Wisconsin, I think. He was an academic. Wisconsin had a major influence. It was heavily represented in the administration of the New Deal. At any rate, we tried to hold the staff together and we were particularly anxious to keep the field organization alive and I came up with a project? But one of the things that we did was to lend people to the Social Security Board and we could pay them while they were getting themselves organized. One of the good effects of that was that the Social Security Board finally wound up with a group of highly trained, highly motivated Civil Servants who originally had been Commerce Department, then NRA, and then Social Security.

I worked out a project that could keep the staff busy preparing analyses of the cases we had handled to see if we could develop statistically patterns that would throw light on the difficulties we had encountered. We had our staff do a lot of basic work on classifying firms by size, classifying the type of violation involved, and then working out the correlations. This allowed me to get this work done from the raw material; we worked with the Census Bureau. Of course the Census Bureau at that time used punch card machines which were the precursors of the modern computer. But in effect what I did was to program the work to be done mechanically by the Census Bureau on these machines. So I got some very early experience in what was computer programming, which I tried to put to work at a much later stage and tried to persuade the State Department that computers were a useful instrument. I didn't get very far at that though. I'll come to that later.

Anyhow, we went on with this project for some months, periodically having to reduce staff which complicated our task, but we did come up with a publication which was printed up, but I think probably never got any attention. We didn't copyright it and the NRA wasn't in the business of publishing documents so it didn't get the attention which it deserved. It became clear that that wasn't going to work out and I began casting around for another job and looking at other agencies. And then I discovered somehow or other that the Federal Reserve Bank of New York was looking for someone for the Far Eastern Desk of the research department of the bank. And the Far East had been my area of specialization. In Georgetown Foreign Service School we were all required to take an area and most of my colleagues picked Latin America; Latin America was the great thing in those days. Europe didn't really get much attention. Latin America was tops. I picked the Far East and it was very, very fascinating because it got me into deeper studies of China. The Chinese had no national currency at that time and how they operated without a national currency was fascinating. There were a number of financial arrangements in the Far East which were rather peculiar.

I went up to New York and my first contact with Wall Street and was interviewed by the head of the Department, a delightful man who on the side translated books from French. We went over my studies and what I had to bring and he offered me a job. I came back to Washington absolutely delighted and a few days later I got a call from him saying that he thought he had authority to make a binding offer but he had to clear it through the vice president of the bank; and the vice president thought that the job should be filled by someone who had lived in the Far East. So I didn't receive the job. As a matter of fact, the job remained vacant for a year and then they took on a man whose name is quite familiar in the field of finance, Emilio G. Collado. "Pete" Collado had done his doctoral dissertation on central banking in Japan. He hadn't lived in the Far East either but they took him on. He didn't stay at the bank very long; he came down to Treasury and then the State Department hired him when we had a reorganization of the financial workers of the department. This was being done in six different divisions and they were all being put together into one office, the Office of Finance and Development Policy, in 1934; and Pete then became my boss. That's jumping ahead.

Q: So you went to New York and the job fell through?

REINSTEIN: The job fell through. Well, I had a job offer from the Department of Labor to go to Atlanta as a representative of the Division of Labor Standards. I didn't really particularly want to go to the South. I felt that my future lay in the northeastern establishment. I was very much in love and I asked the young lady with whom I was in love whether she would go on with me and marry me and she said no, so I turned the job down.

She also worked in the NRA and she had heard that several economists in the NRA had gotten jobs in the Trade Agreements Division of the State Department, and she kind of nagged me to go over and look into this. So I went to see John D. Hickerson, Jack Hickerson, who at that time was one of the assistant chiefs of the European Division.

Q: That's right, and later head of it.

REINSTEIN: Hickerson, Culbertson, Nielsen, and somebody. They all rhymed at one time. What you're thinking of, I think, is there was an eastern European Division. It was separate. There was a Western European Division and an Eastern European Division.

Q: It's seems Western European to me.

REINSTEIN: And FDR, Franklin Roosevelt, got annoyed, I think. When he wanted to establish relations with the Soviet Union he felt that the Eastern European Division was dragging its feet and he gave instructions that the Eastern European Division was to be demolished. And whoever was the chief of that got out of that all together. Orson Nielsen I think was one of the people they took over from Eastern Europe and they merged it and named it the Division of European Affairs, which it is still, EUR (Bureau of European and Canadian Affairs). Anyhow, Hickerson had taught, of course, at Georgetown Foreign Service. They had two courses; they had one on diplomatic practices, which unfortunately wasn't given my senior year [laughs] and on consular practices, which Hickerson gave. So I went to see Hickerson, whom I got to know in class very well, and I told him I'd heard that the Trade Agreements Division was hiring people and could he put me in touch with somebody there. He called up Henry Dymo, who was an assistant chief doing the administrative work in the division, which was fairly new as a division. When they originally started the program, they had simply created a little section which was attached to the office of the assistant secretary for economic affairs, letter designation AST. When I came in the assistant secretary was Francis Bowes Sayre, who was the son-in-law of Woodrow Wilson and the father of Dean Sayre of the National Cathedral.

Q: Former high commissioner to the Philippines, too, I think.

REINSTEIN: Yes, that's right, he was. I can tell you an amusing story, if you're interested, about Sayre and a congressional hearing. Anyhow, by 1936 they had made agreements; the first agreement they made was with Cuba. Cuba was really in a bad state. I think I mentioned before the collapse of the price of sugar and the efforts they made to do something about it, which had not been effective. One of the pieces of early New Deal legislation which was a companion piece to the NRA was the Agricultural Adjustment Act, which provided for controls.

They did two things. One was for sugar. One was under the AAA, the Agricultural Adjustment Administration. They set up controls over production and marketing and they allocated the market between domestic cane, domestic beet, Hawaii, the Philippines, Puerto Rica and Cuba. People were required to limit their production because the theory of the act was that if the government was going to support the price and charge the American consumer, which was the way it would pay for it, by raising the price, then there had to be a limit to that. It effectively raised the price of sugar to five cents a pound.

Q: And now it's about a quarter a pound.

REINSTEIN: No it was higher than five cents a pound, but not much higher, I think.

Well, one of the things was to give Cuba an allocation of a specific amount of sugar. The other thing that was done for Cuba was to make the first trade agreement with Cuba. You have to recall, which perhaps people don't recall usually, is that Cuba received tariff preferences. Imports from Cuba paid a discount on the tariff of I think ten percent generally and maybe more in some cases. It was the only foreign country to which we gave preferences and of course in all of our agreements we had to make exceptions for the most favored nation treatment.

Q: Well it's one of the few countries that we ever went to war for, to free, didn't we?

REINSTEIN: That's right. As a matter of fact, that is relevant to what I'm about to say. The situation in Cuba has been rather desperate. I think I had said earlier that the regime of the elected president had become very dictatorial and the government was overthrown in a revolution by the military, headed by a sergeant, Fulgencio Batista. This was not particularly palatable to the United States. One must remember that at that time the United States had the right to intervene in Cuban affairs because at the end of the Spanish-American War the Spanish insisted on ceding Cuba to the United States. They did not want to free Cuba.

Q: They didn't want an independent Cuba either.

REINSTEIN: And they ceded Cuba to the United States. And Cuba received its independence by an act of Congress.

Q: Aha. I didn't know that.

REINSTEIN: But in the act of Congress there was something called the Platte Amendment. Senator Platt, I think of New York, had insisted that the United States retain the right to intervene in Cuban affairs, and so the United States has at various times intervened for the purpose of keeping the government decent. This situation presented a really tough case for the Roosevelt administration which had announced the Good Neighbor Policy; they were going to put an end to intervention in domestic affairs, particularly of the Central American countries. The type of thing like the lengthy intervention in Nicaragua, for example, where you had Marines fighting.

Q: Are you talking about 1920 or 1980?

REINSTEIN: Nineteen-twenty. In 1920 there was a marine occupation of Nicaragua for some duration, and there have been other interventions. Mr. Roosevelt announced that to end that we were going to have a Good Neighbor Policy. Well this Cuban situation was really a tough one because here we actually had a legal right to intervene and the military regime was distasteful to us but they decided to swallow it. Did I say that Bo Sloan had been sent down there originally? Well in the NRA at one time I was in a large office where there were rows and rows and rows of desks and in the row behind me was a man who had been minister to Cuba under the Wilson administration. I might mention that the Roosevelt administration was very sensitive to continuity with the Wilson administration. They gave great respect to people who had served in the Wilson administration. In fact, in one case in the government a high cabinet job was given to somebody who had been a cabinet officer in the Wilson administration, briefly, but Bo Sloan was just being paid by the NRA. They somehow found him, picked him up, and sent him to Cuba.

When they wanted to straighten things out there, Sumner Wells was sent out initially and took over and tried to set up a livable relationship with the Batista regime. Initially it was not so bad, but then it got worse and worse. At any rate, they had reduced the duty on sugar so Cuba doubly benefited from that. And they went on and made trade agreements, which nibbled away at higher rates that were in the infamous Smoot-Holy Tariff Act of 1930, which as I may have mentioned to you, still is the basic [laughs] tariff legislation of the United States, which is the Tariff Act of 1930 as amended. Well it has been amended and amended and amended, so there are still pieces of it left as they were originally enacted perhaps. Some parts of it, perhaps Section 336, that were put in gave the president the right to reduce or raise tariffs.

At any rate, they had made agreements at that time with a number of countries: with France, with the Netherlands, with the Benelux (Belgium and Luxembourg), with Switzerland, and perhaps FinlanI'm not sure when the Finnish agreement came along. Finland was a very favored country because it was the only country which had paid its war debts.

Q: From World War I.

REINSTEIN: So-called war debts; they were actually, in fact, debts incurred for the purchase of supplies for the civilian population but they became known as war debts. The American attitude toward them was very lamentable such as President Coolidge's famous remark: "They hired the money, didn't they?" Of course those debts were all suspended during the Hoover administration when the depression became so intense that they couldn't pay; Hoover moratorium, it was called. The debt payments were suspended and have never been resumed. The debts may still be in existence, for all I know. I believe that the Johnson Act prohibits, or at least at one time prohibited, doing something for countries that had not paid their World War I war debts.

Anyhow, they wanted to proceed really aggressively with the trade agreements program and to do that they needed more personnel and so they were in the process, as I turned up in Mr. Hickerson's office, of hiring more people. I asked Hickerson whether he could introduce me to somebody in the trade agreements division. He sent me to Henry Aldima, who was an assistant chief. Aldima interviewed me and when he found that I had studied trade problems at Georgetown Foreign Service under Dr. McClure, whom he knew very well, and that I had cited numbers of problems that they were working on and that I was familiar with the various provisions of the tariff act, such as Section 336, he fell around my neck and said, "Can you come to work tomorrow?" [laughs]

The trade agreements act had included a provision for financing the administration of the program, to be expended without regard to the Civil Service legislation, which meant that they did not have to go through the cumbersome process of having the Civil Service commission recommend three people.

Q: Advertise it. Oh, yes.

REINSTEIN: And pursuant to exams and so on. They could hire people directly, including a messenger they hired to drive Mrs. Hull's car. [laughs] I discovered later at one point that I had working for me a man called Charles Yost.

Q: Charlie Yost, oh, yes.

REINSTEIN: He was on my payroll. This was much later. I said, "Who the hell is Charlie Yost?" During the Spanish civil war when they were having a time with the arms control licenses, the so-called red, white, and blue licenses, Yost had been fired from the Foreign Service when he wanted to marry Irene, but they had taken him back and made him assistant chief of that division but they paid him out of the trade agreements legislation. [laughs] Anyhow, Donald said, "Can you come to work tomorrow?" and I said, "No, I have to clean off my desk." But we were getting to the end of the project so I went off and cleaned off my desk and came to work at the State Department on February 24 of 1936, having worked appropriately for the first time, a holidaGeorge Washington's birthday.

The State Department at that time thought new employees should have a seasoning; they should sit around and acquire background and read. Well I had been working at high pitch and they gave me some stuff to read and after about three days it drove me crazy. There was no work. I went around and said, "Look, can't somebody give me some work to do?" So the first assignment I got was very interesting. They said, "Well, there's a meeting of the executive committee on commercial policy next week on a proposal from Puerto Rico to make a special arrangement with Venezuela under which Venezuela will abolish a special tariff that they have applying to us and we'll buy wheat from Venezuela. The background of this is that back in the 1880s the merchants iwhat's the port city down in Colombia? Cartagena, I guess.

Q: Cartagena is one, yes.

REINSTEIN: They got kind of tired of competition in marketing from the merchants in Dutch possessions, who were subsidiaries of Dutch concerns, and very competent. So they got the legislature to pass a tariff surcharge on imports from the colonial Antilles. They didn't really want to single out the Dutch possession so they made it apply to everybody.

Q: Which would include?

REINSTEIN: Which included Cuba and Puerto Rico and so on. Cuba became independent. Puerto Rico still was classified as being subject to this act and so this was a very complicated, special deal and they asked me to prepare a briefing memorandum for the State Department member of this for the assistant secretary for economic affairs. Well, I went through the filemy first acquaintance with the State Department files, which were absolutely marvelous; they had a wonderful classification systeand they produced a file dealing with this subject which went back to the beginning of the Spanish-American War and contained every paper that had anything to do with it or a cross reference to it. What I found was that this issue had come up periodically under various administrations [laughs], ever since Puerto Rico had become an American possession. Presidents of the United States, secretaries of state had become involved; I found handwritten notes by these high officials. People had tried to do something about it and never been successful.

That file enabled me to write a history of the problem and to prepare the assistant secretary for that. The curious, but not unusual, result of this was that when you started to work on some subject in the department, you got knowledgeable about it but when another subject came up in that area you had been sort of identified as having some knowledge or background and so they tended to give that to you. All these things relating to Puerto Rico, which was involved in sugar, but various other things came up from time to time and I was the person who had contact with the Interior Department. I had contact for another reason, which was that after the Agricultural Adjustment Act was declared unconstitutional by the Supreme Court, the second major defeat, I think the one that really inspired Franklin Roosevelt to?I mean he really got the double whammy, as they say in the comic strips. They caused him to make his so-called Supreme Court packing plan proposal by proposing to enlarge the court and allow him to name additional members. They adopted another act in the place of the Agricultural Adjustment Acl think they kept the same nambut they decided to deal with sugar as an independent subject. They adopted the Sugar Act of 1937 and I represented the State Department in the interdepartmental work on that act. It was my first experience in dealing with legislation.

Q: The lobbyists must have been storming all over Washington.

REINSTEIN: Yes, but you have no idea how strong the administration was. In those days, when things got tough we simply go to the boy upstairs, Mr. Roosevelt, and get him to smack things down. And that would quiet things down for a while. He had enormous political power. At any rate, I worked on the whole of that act and so I became deeply involved in that. I also was then given responsibility for the international sugar agreement, which didn't really amount to anything; but it identified me in two ways: one was that I was the expert on sugar, and the other was that I was a fellow who knew something about Puerto Rico. So I became kind of the Puerto Rican desk officer in the State Department. There obviously was no call for having a desk officer for Puerto Rico; we did have a Philippine office eventually because that was intended to free the Philippines and Joe Jacobs was the head of that and probably the only head that they had at the Philippine office.

Sugar, because the benefits were so great, there were constant efforts by the domestic producers to cut in and get a bigger share of the market. Issues came up all the time and arose in correspondence. One thing I should mention is that all letters to members of Congress were signed by the secretary of state personally, Mr. Hull.

Q: He had the time to sign them all?

REINSTEIN: He signed them all.

Q: Wow.

REINSTEIN: And Mr. Hull read the letters before signing them and he often wanted to change them. So as a junior drafting officer I was often called to Mr. Hull's office with regard to letters which I had drafted on various subjects, and given instructions on rewriting the letters. The instructions might well be: "Well, now this is a very important idea. This ought to go up in the front of the letter." I can remember one case where he went through and he identified about six things that were very important to go up in the front of the letter.

Q: Everything was in the front. [laughs]

REINSTEIN: [laughs] So the only part of the letter was the front of the letter. Well I just went back and rewrote the letter and tried to make it look different so Mr. Hull would sign it.

Q: So he would deal with an ordinary officer just walking in on business?

REINSTEIN: Yes. But since I worked on sugar problems and we often had issues about sugar and I would go up on those, he couldn't remember my name and so he just referred to me as "that sugar fella."

Q: That sugar fella. [laughs]

REINSTEIN: He said, "Get that sugar fella up here," whatever the subject was

Q: That's very interesting, Jacques. Tell me a little bit about the atmosphere in the department in those days. It was a much, much smaller group that we had in those days.

REINSTEIN: It was a very small organization, which shared the building with parts of the Department of the Army and General Pershing. The Secretary of War had his office there. It was the office in the middle of the second floor on the west side of the building, and later occupied by one of Mr. Roosevelt's aides, Laughlin Curry, whose name became famous.

Q: Yes.

REINSTEIN: Then part of the adjutant general's office was there strung along the second floor. Why that was there I can't imagine. And then General Pershing had the office which later was occupied by Harold Stassen who had it when he was head of arms control negotiations, because I used to go and see him there. Under the circumstances, I'll talk about him later. General Pershing, for health reasons, was confined to Walter Reed Army Hospital but they kept the office for him with an officer there, and an adjutant, to be handy in case the general came. It had a big sign over it. He was the only five-star general, General of the Army.

The staff of the State Department had a publication which was callel forget what the official title was, but it was known as the grey book because it had a grey coveor also informally known as the stud book. My copy of the 1936 edition of that book is in the library. Everybody who worked in the Department was listed in that book.

Q: You were pictured too, weren't you?

REINSTEIN: There was a picture supplement to the book but I think that was issued by the Foreign Service Association. Everybody who worked in the Department was listed in that. In the front part of the book they had the organization of the Department by officers, the Secretary and the various people that were attached, and then the various divisions. I don't know whether they had offices; at one time they had bureaus.

Q: And that came a little later, I think.

REINSTEIN: No, that was earlier.

Q: Oh, earlier?

REINSTEIN: At an early stage. They used to have a diplomatic bureau and a consular bureau. That was in the days before the 1944 act, I guess.

Q: Yes, I'm thinking of the geographic bureaus and things like that.

REINSTEIN: Then there were geographic offices. The geographic bureaus were not established until 1947 or something like that.

Q: I was going to say it was after World War II, I believe.

REINSTEIN: Yes.

Q: Now I want to ask another question. Did you know this in those days?

REINSTEIN: I was going to tell you one thing. I took the trouble to count everybody who worked in the Department. They also had biographies of all the officers in the Foreign Service, you see. But I took the trouble to count. They had everybody that was working in the Department. You had the Secretary's office and then you had all the divisions which were broken down into three classifications: there were the top officers who were known as the signing officers; that was the priesthood of the department. The signing officer was an officer who could sign telegrams; he could sign the secretary's name. Then the second category was loosely known as drafting officers, and then there was a line between and those people who were identified as simply below the line. That was the clerical staff. That would be secretaries down to messengers. The messengers were all listed.

I took the trouble to count up the number of people listed; there were 835.

Q: Eight hundred thirty-five; there are practically that many in one of our geographic bureaus these days.

REINSTEIN: Well 835 was everything from the Secretary down to the lowest messenger; and of course a large number were the people in Foreign Service personnel, Foreign Service administration, visas, passports, files, and communications. DCR, the Division of Communications and Records, was in charge of both communications and of the files. And then there was an interesting office that I must mention at some stage, which is the Office of Coordination and Review. No paper was allowed to go from the Department without passing through the Office of Coordination and Review.

Q: Well that was Blanche Halla, as I recall in later years when I was in the Department. She ran that division and it was in the executive secretariat. You're right, it was a group of ladies there.

REINSTEIN: For the most part, they were women who came to work in Washington in the First World War.

Q: Yes, they were.

REINSTEIN: And they had stayed on. Their job was to ensure two things: one was that nothing went out which was inconsistent with existing policy without being considered by a policy officer, so that a division could not send out something if they felt that it had to go to an assistant secretary for review; the second was they were the guardians for the purity of the language.

Q: Exactly.

REINSTEIN: I had a long fight with Miss Lincoln, I remember, one time over a letter I had written. We'd made a duty concession to Canada on Italian prunes and she wanted to change it to "so-called Italian prunes" and I had the greatest argument with her and I said, "No, Italian prunes is a product that's known and recognized." I said, "You don't call them 'so-called French fried potatoes'." Finally that's what won that day. That was an important function to insure the quality of the product. I might mention also that all letters were writtelike those written by a high-class New York law firthey were double spaced. We didn't get into single spacing letters until we began saving paper in World War II.

Q: Is that right? I didn't know that.

REINSTEIN: Yes. Of course diplomatic notes and things of that kind required triple spacing and there were special forms. I don't know whether they use diplomatic notes anymore or not.

Q: Well I think they do with foreign embassies and others because they're used to that.

REINSTEIN: They're used to that. I suppose you have to. But even that has become less formal. The formal diplomatic note, even by the '50s, was a very rare occasion.

Q: Did you notice any great antipathy or tension between those people who were Foreign Service officers and those who were departmental officers back in the '30s?

REINSTEIN: There was some but I never encountered any difficulty myself. We had different jobs to do and we respected each other's jurisdictions. To clear a paper which involved the interest of another division you had to get their initials. Papers of any significance would have an enormous number of initials. There was an interesting practice, but I don't know whether it's continued or not; if you disagreed with a paper, but did not wish to make an issue of your disagreement, but preserved your right to make that issue later in a different context, you indicated your position by writing "noted" and your initials. That maintained your right to raise the issue and it also indicated that you had not agreed with the substance of the particular document but had chosen not to make the issue on that particular paper.

Q: Jacques, I would note that you are one of the few people still around who worked with Secretary Hull and remembers him. Can you tell me something about the man? How he handled the Department, how effective was he as secretary, and what the people in the department thought of him?

REINSTEIN: I'll answer the last first, which is that the general impression I had was that Mr. Hull was greatly respected by the personnel of the department, at least those that were concerned with foreign affaira very small group of people. We might come back to find out how many people were involved in foreign affairs. He took a very direct interest in almost everything that went on, as far as I could see. On one particular case that I may have mentioned before, I was very often called to his office. The secretary personally signed all letters to members of Congress, routine letters that would go out. But he took quite an interest in the drafting of them and I often got called to his office to receive instructions on how to redraft. This was when I was a fairly junior officer, what was then a P-3, a professional. That was before they had the GS ratings.

Q: The Ps went from P-1 to P-8, as I recall.

REINSTEIN: Yes, from P-1 to P-8 and P-3 would correspond to a GS-7 or something, I think, like that.

Q: A little higher perhaps, now.

REINSTEIN: Anyhow, he took a direct interest in what was actually going on all over the Department. There were a very a small number of people who were actually involved in foreign affairs directly. He didn't have to concern himself with visas and passports and things of that kind. I think the assistant secretaries and the administrative under secretary dealt with those problems. But he, from my observation, took very direct interest in all the details of the conduct of our foreign affairs. Some of the things I worked on were particularly sensitive politically, involved relations with Congress; he had a direct line to the White House and the president. I remember we got into difficulty about something and stirred up some western senators and it made quite a whoop-de-doo. I think it was perhaps over the purchase of 48,000 pounds of canned corned beef from Argentina. The western senators who had interest in cattle raising raised hell about that. It was that kind of an issue anyhow.

I remember being in the Secretary's office, about five of us including. One of the very important people who had a great influence with the secretary was the chief of the trade agreements division, Harry C. Hawkins, who had immense prestige within the Department. Anyhow, at some point in the conversation Mr. Hull picked up the telephone to the President and he got the President right away and they began discussing it. Apparently the President made a suggestion, so Mr. Hull put his hand over the telephone and says, "The President says, 'Why don't we do this?" and Harry Hawkins said, "No, Mr. Secretary, we can't do that," and before he could make an explanation Hull took his hand off the telephone and said, "Harry Hawkins says we can't do that." That took care of the President's suggestion. [laughs] At any rate, he was very much concerned with both the details and the general thrust of American policy. Both the Japanese and the Germans were beginning to raise serious threats. Of course, the Japanese threats began earlier with their invasion of Manchuria and then their increasing intervention in China.

By 1937 the serious threats posed, independently at the beginning, by Germany and by Japan to American interests had emerged. I might interject a personal observation of my attitude. At about Easter of 1936 the Germans violated the Treaty of Versailles by moving troops into the areas which were demilitarized in the Treaty of Versailles. When I saw there was no reaction from the British and French, it seemed to me that we were on a slippery slope. I remember newsreels showing the Germans going into the Rhineland with horse drawn vehicles and simple small guns, small artillery. It seemed to me very obvious that if the British and French had said to the Germans, "You're not supposed to go there and if you don't go out we're going to kick you out," they could've done so. Their failure to react to that made me feel that a European conflict was in the making. I went down to the old Navy buildinthere were two temporary buildings left over from the First World War on Constitution Avenue.

Q: Ah, the munitions building.

REINSTEIN: The munitions building, the Army and the Navy building. I went to the Navy building and I got papers to apply for a naval reserve commission. I was required by the Department, Henry Daimel specifically, to withdraw my application. He said, "If there is a war we want you here." As it turned out, the Department wasn't capable of doing that. At any rate, it seemed to me that began to crystallize the issue.

Q: Already in '36 you could see this?

REINSTEIN: Yes, from my view. Initially, the Germans formed an alliance with Italy. That didn't happen immediately after the beginning of the Nazi regime, but they found their interests were very close and they formed a treaty of alliance, which they initially called the axis, the Rome-Berlin axis, which the Japanese joined later. That combination became known as the axis powers. But the phrase originally came from the Berlin-Rome connection.

One thing that certainly became clear to me, and I think was generally understood by the professional staff of the department, was that Mr. Hull was concerned about our becoming involved in the conflict, on two fronts. There was a phrase to describe that. I forget what it was. We were seeing threats to American security in Europe, not direct, but in the Far East quite directly with Japan. It was very clear to me and to other people that Mr. Hull was very much concerned about our getting involved in conflicts at the same time on both fronts. He did not think that the United States was capable of dealing with this, in a military sense.

Q: Well, looking at our army in those days we probably weren't.

REINSTEIN: I think it's fair to say that no, our military was not able to mount a serious conflict. Perhaps if we had concentrated all of our efforts between naval power against the Japanese we could've done something there. In fact, our Navy I think was deployed largely in the Far East in Hawaii and a significant presence in the Philippines and elsewhere in the South Pacific to a minor extent.

Q: What was the role that the undersecretary, Sumner Welles, played in that? Did you have anything to do with him?

REINSTEIN: Not a great deal. Sumner Welles seemed to be more interested in Latin America than in our general policy. I don't remember that he played any significant role either in the discussion of Far Eastern affairs or European affairs. He seemed to be greatly interested and concerned, and exercised his influence, primarily in Latin American affairs. I remember his intervening once in our trade discussions with one of the Latin American countries negotiations with a foreign country inevitably stirred up the Congress and people who had interest in the tariffs against that particular country or the products of that particular country. And so you didn't want to create difficulties of a political character domestically unless you hoped to achieve something. We used to have preliminary discussions with possible trade agreement partners by trying to get two things clear; one was that the agreement would be based on the unconditional Most Favored Nation Clause. I don't suppose we need to go into the history of the Most Favored Nation Clause. The Americans had historically, until about the beginning of the twentieth century, followed the conditional form of the Most Favored Nation Clause and then switched over, maybe not until 1920.

As a matter of fact, I can be more precise about that because I read this in the wonderful files that we had at that time. We adopted the unconditional clause for the first time in about 1923; we made a new Treaty of Friendship, Commerce and Navigation with Germany and somehow I had occasion to view the records on that. The fact that was a change in historic American policy was brought to the attention of the President by the Secretary of State in a rather full explanation of why it was in the American interest to have the unconditional clause. A letter came back from the President to the Secretary saying that there seemed to be a central decision about raising a question about one point in the adoption of the policy. It was a point which was extremely well taken. Harding is not regarded a great intellect but I must say he picked up this point. It was a very clear, deliberate change of policy, understood and explained, of course, to the Senate, and accepted by the Senate when they accepted the treaty.

On the subject of Welles, we were involved in one of these preliminary discussions with one of the Latin American countries and the trade agreements division was pressured by Mr. Welles to go easy on that country. We had a struggle with whether we were going to follow a consistent policy where all countries gave special treatment to some Latin American country because it was politically desirable to cozy up to them. I perpetrated a little verse on that subject, which was "I wish that Sumner Welles was somewhere else." [laughs] But Welles did not, from my observation, play any significant role in the more major issues that the Department dealt with.

Q: You had five years in the trade agreements division and then in 1941?

REINSTEIN: Well I did various things in the trade agreements division.

Q: Would you like to make some further comments about that?

REINSTEIN: Oh yes. I found myself being in the position of the fellow whose assignments didn't fully occupy him so I worked on a number of problems of one kind or another which didn't fall under anybody's particular jurisdiction and got tossed to me. One of them that I think I've already mentioned was sugar. The impression I had resulted in a diminution of demands for a number of raw materials. I became involved in the problems of the materials in long supply. As we got involved in the European war, many products were in short supply. The short supply products obviously affected the operation of the common man, a fact that created little attention; but the products in long supply, or oversupply, raised significant economic problems, problems for countries that we were concerned about and also some of our domestic areas. I worked on a number of problems.

One set of problems that I worked on were legal problems. We had an officer in the division who worked on technical tariff problems for the Treasury in Paris at one time. He had done two years of study of law in Kansas and he decided he wanted to go back and get a law degree so he took a year off and they said to me, "Well you take over his work." This turned out to be a year of extreme activity in the legal field. One issue which arose in the courts was the constitutionality of the trade agreements act. The issue of the constitutionality of the act had been of concern to the department because it was feared, and correctly, that it would be raised in a forum which could not be carried to the Supreme Court. That is, if an importer disagrees with something that the customs inspector does on an import he can challenge it and his right to challenge is rather broad. While normally he would complain about the fact that it was misclassified or the tariff was too high, there was nothing that prevented him from claiming that the tariff was too low. [laughs]

We feared that that issue of constitutionality would arise and it turns out that exactly that way. Somebody imported pineapples from Cuba, I think it wal believe that was the way the case arosand the tariff assessed on the import was that in the Cuban trade agreement and the importer protested and said that was not the correct rate and he wanted to pay the higher rate in. He was able to appeal that to the customs court and then the Court of Customs and Patent Appeals, which no longer exists; they've separated customs and patent matters. Unfortunately a case of this kind could not go to the Supreme Court under the Constitution, which empowers the Supreme Court to deal with cases of controversies and does not permit advisory opinions and things of that kind which don't involve a natural conflict. Somebody wanting to pay the government more money in the way of a tax or import duty is not an issue which qualifies as a case of controversy so that it wouldn't go to the Supreme Court.

I don't know if I mentioned previously that John Dickey was a lawyer in the government originally who was brought to the State Department to work on this specific issue and who did a law review article on the constitutionality of the act for the Columbia Law Review, which in fact was the government's brief for the constitutionality; and after he had done that he left. He went to a New York law firm and then later to Dartmouth where he became president. He was succeeded by Alger Hiss. They needed another lawyer and Hiss was picked because he had been I think in the Agriculture Department and had worked on the constitutionality of the Agricultural Adjustment Act. So he fitted into that pattern and I got to know Hiss very well because there were a number of issues on which we worked together and you may want to ask me questions about him.

Q: Did you at any time have any suspicion of the problems that he was going to face in the future?

REINSTEIN: Not at all. As a matter of fact, I would've volunteered as a character witness for him in both trials but I was out of the country at the time of both trials. I have, however, read the record of his second trial and so I am familiar with that. We collaborated together on a major project, and I'll come to that a little bit later, if I may. Staying in that period of roughly somewhere around 1937 into 1938, we had the constitutionality of the trade agreements act; I worked on that. I worked in the field of legislation, again getting a very good training on how the House works on the customs administrative act of 1938.

One interesting case I worked on raised the constitutional issue that had never been dealt with before. It was the Florida cement case. In our agreement with the Netherlands we had reduced the duty on cement. This enabled cement to be brought in, but only at some points along the Atlantic seaboard due to the fact that it was heavy and the cost of carrying it by water is low; and so there were increases in the importation of cement in New England and in Florida. Now in Florida we had an interesting situation: there was a manufacturing plant somewhere in the northern part of Florida, maybe in the area of Tallahassee or something like that; there was a great deal of construction going on in southern Florida, particularly in Broward County which was building up its port facilities. They bought cement from the Dutch but the principal beneficiaries turned out to be the Belgians for some reason or other. Anyhow there were large amounts of large importations.

Prior to that time the plant in northern Florida had a monopoly of the business in Florida. Of course the cement they produced had to be shipped by land, which was much more expensive and they found this a quite painful experience so they used various devices to try and see if they could get something done about it. One of the things was a number of the stockholders were from Tennessee so they used their Tennessee connections to approach Mr. Hull and ask him to do something about it. But Mr. Hull was not about to do anything of that kind and some bright lawyer came onto a little known provision in the constitution which prohibits states from imposing import dutieimposts on imports, I think is the languagsave what may be absolutely necessary for the enforcement of its inspection laws. What they did was to get the Florida legislature to enact an inspection fee on imported cement of a significant size. Well, there a good deal of this kind of protectionism being proposed in various state legislatures at the time and the state of Florida, every time it heard about it, had made a great fuss and the standard procedure was for the Secretary of State to write to the Governor of the state and tell him what a terrible idea this was.

Some of the ridiculous proposals: for example, Massachusetts was a great shoe producer at the time, and probably still is, and had a bill pending in the legislature to require marking of the country of origin on the shoes, with letters about three inches high. I remember some odd legislation in the New York legislature. Every time the State Department heard about this then they would get excited and the Secretary would write to the Governor. The bill actually progressed in the Florida legislature to the point where it got to the Governor's desk and the standard letter was sent to the governor and he communicated it to both houses of legislature and the Senate asked that the bill be returned to it. Well, the first thing that happened was the question: did it become law in Florida or not? And that case came up in the Florida courts; the Florida courts have gotten a lot of attention in recent times. [laughs] Anyhow, the question was whether it became law. They didn't have a pocket veto; the legislature adjourned and the case went to the Florida Supreme Court and the Florida Supreme Court said, "Well, the action of the Senate, in asking that the bill be returned to it, was perhaps intellectually stimulating but had no legal effect." In the absence of a veto by the Governor it had become law.

At that point Washingtothe State Departmengot very excited. There were three of us who were involved in this in the State Department: in the office of the assistant secretary, Alger Hiss; I in trade agreements; and a lawyer in the Justice Department. As I recall, he was Archie Cox.

Q: Archibald Cox.

REINSTEIN: Yes, I think it was Archie Cox. We talked about what could be done about this. I tried to persuade the other two to have the United States bring an injunction against Florida for a violation of its constitutional jurisdiction and they said, "Oh, the Supreme Court won't pay any attention to that. We have limitations on reasons why you can get the injunction." And I said, "Well look, I can cite you a case in which the Supreme Court has talked about this kind of thing." This was Virginia versus West Virginia. It had to do with a settlement between the two states of the debt existing at the time of the Civil War and how they were to share it. And that problem went on until 1913 and finally got to the Supreme Court. As a matter of fact, I knew about it because it was the first case in our case book in international laJames Brown Scott's case booand he threw in this domestic case before a whole series of things about blockade and ultimate destination and all those rules which seem to be so important in international trade and navigation. At any rate, the court had written in a very interesting way that when you got cases between jurisdictions of that time, you didn't get too technical about applying legal theories and I thought that this would be a good case. I couldn't get these two guys to look at that case; they wouldn't read it.

While we were fussing about this an action was taken in the federal courts by the Broward Port Authority to enjoin the enforcement of the Florida law, which brought up an interesting procedure because as a result of a process of which I referred to earlier of people going into the federal courts, in the context of the National Recovery Act, and going to a single judge who was a Republican appointee, and asking for an injunction against the enforcement against the NRA, they had adopted legislation to try to deal with that, which was at that time Section 66 of the judicial code; it's now located elsewhere in the U.S. code in a different form. What it did to restrain these attacks on the New Deal legislation was two things: it required that if injunctions were brought against the enforcement either of a federal law or a state law in a U.S. district court, the case had to be heard by a three judge court, of which we assembled a special panel, and didn't leave it to a single judge; second, there was an appeal, as a matter of right, to the Supreme Court of the United States without a requirement of a writ. In other words, you could go directly uand this was a beautiful procedure for this particular case because it involved a state law, [laughs] although a law the state had to defend because of the decision of the Florida court. The question is: is this a disguised import duty or is this really a legitimate fee? And I had no idea. We were building a lot of dams out west.

I picked up the phone and I called up the head of the Bureau of Standards and I asked if I might come and see him. Well, in those days when an officer of the State Department called a head of an agency like the Bureau of Standards, it was rather unusual. He said, "Yes, come and see me." So I went up to the Bureau of Standards, which is about where the Israeli embassy is now, and saw the head of the Bureau of Standardwhose name I don't recaland I explained to him the situation. Then I said to him, "Now, there's a great deal of building of dams in the west. Do you inspect the cement there?" and he said, "Yes, we do." And I said, "Do you have any idea how much it costs you to inspect the cement?" and he said, "Yes," and he gave me a figure which was a very small figure. I said to him, "Would you be willing to sign an affidavit on those two points, which we could use in this lawsuit?" and he said, "Certainly." So I went back to my office and I drew up an affidavit and took it out to him and got him to sign it. I also drew up an affidavit for the Secretary of State to sait was wonderfu"My name is Cordell Hull and I am the Secretary of State. As such it is my duty to conduct foreign relations of the United States under the direction of the President." And then it went on to recite how this was interfering with our foreign relations; and we explained how the United States was not a party to the lawsuit, but intervened as a friend to the court, and these documents were filed in the original Federal District court which ruled against Florida. It then went to the Supreme Court, which threw the Florida case out. It was the first decision written by Justice Frankfurter. It was very satisfactory from the viewpoint of the State Department, except on one point, which we would've welcomed, and that is that the state could not in its inspection discriminate against foreign countries and apply its inspection fees only to imported goods and not to domestic goods. We didn't get any ruling on that, which we'd hoped for.

Q: While this was going on, Jacques, was there pressure from foreign governments? From say the Dutch, the Belgians and others who might want to import cement?

REINSTEIN: Oh, I think they were concerned about it and probably filed notes, which was customary. You didn't wait to be hurt by something that happened in foreign affairs. You don't wait until somebody hurts your interest; if you think you're going to be hurt, you bellow about it right away. For instance, the Department was frequently the recipient of complaints from foreign governments about bills that had been introduced in the Congress that were regarded as threatening to the interest of one or another foreign country. They would complain to us and we would send the complaint to the appropriate congressional committee. You don't wait for somebody to hurt you; you try to avoid injury to your interests in diplomacy.

There was one other case which I think was decided in the Supreme Court in 1936. It involved the power of the executive to limit exports of armaments. Curtis Wright was a manufacturer of aircraft and they had been prohibited from making some exports and they fought this. The Supreme Court issued a very sweeping decision upholding the authority of the executive in the field of foreign affairs, which really encouraged the administration to feel that they had much broader authority than they had thought and particularly to enter into executive agreementthat is, agreements only between the executive branch, the President and a foreign country, which would effectively bind the United States legally, in domestic terms.

Q: But this was the same Supreme Court that was limiting what the executive could do domestically in the NRA act and the AAA act.

REINSTEIN: But you have a time difference here. There's a time difference because they loosened up. But also they were dealing with a different issue, which is the power of the executive to conduct foreign affairs. In that context the court was extremely sympathetic to recognizing the broad authority of the executive to act in the field of foreign affairs.

The Curtis Wright case was almost like giving catnip to a cat. The State Department considered that this really gave them an opportunity to do all kinds of things that they had been doubtful about doing. It encouraged the use of executive agreements. I don't know where I was taught to believe that the authority of the executive ran only as far as policy had been established by the Congress. In other words, for example, we had entered into executive agreements with foreign countries to reciprocally grant each other Most Favored Nation treatment. That was felt to be within the Department's authority because the policy had been established by the Congress and so you could do things which were consistent with and implementing policy laid down in the legislative branch, in the case of most favored treatment, for example, by the Senate. But there was no authority to enter independently into agreements in areas in which we didn't have that congressional authorization.

Q: Was not the emancipation proclamation an executive agreement?

REINSTEIN: It was not an executive agreement. The emancipation proclamation agreement was an act of war. It freed slaves in states which were in rebellion against the United States. It did not free slaves in Maryland or in Delaware, for example, or the District of Colombia.

Q: Which were not at war.

REINSTEIN: No, they were not at war.

Q: So it would not be, in this modern sense, an executive agreement?

REINSTEIN: No, no, no. That was simply an act. Well let's not get into the question of the legality of action taken in the Civil War. You might find that a rather sensitive subject for me because I'm a southerner. [laughs]

Q: [laughs] I know.

REINSTEIN: Anyhow, the importance of this emerges when you think about the lend-lease agreements where you had no congressional policy at all; they were pure acts of the president and his foreign relations power and as commander-in-chief perhaps. I forget that justification. But I think that the lend-lease agreements are an illustration of the interpretation which was placed by the executive on the right to enter into agreements with foreign countries, with once broader character than had been understood, certainly during my period of studies at Georgetown, and I think initially in the Senate and Department of State. So there was a very significant broadening of concept of what the executive could do in the field of foreign affairs in making agreements with foreign countries.

One of the things that we didn't talk about, and I thought might be useful to talk about, is the way in which the Department functioned at the time. It was a small organization.

Q: Excuse me. We're talking about the Department as it existed in what is now known as the old Executive Office building, which then called the State, War and Navy building at Seventeenth and Pennsylvania.

REINSTEIN: That's right, next to the White House and close to the White House physically and in terms of operations. I think one thing I'd like to say is being a small organization it tended to be rather informal. Work tended to flow to people who were knowledgeable in a particular subject; when an issue came up one of the things you did was ask around and say, "Who is knowledgeable about the subject," and you could say, "Well, Jones [over in that particular office]. He had a very similar case. Why don't you talk to him?" With a small staff it was very easy to exchange information and background.

As I say, there were no rigid definitions of what the jurisdictions of particular offices were; they simply had names and the name identified the function that they carried out. There was no doubt as to what the passport division did or the visa division. The geographic divisions dealt with relations with particular countries; they were very identifiable. There was very little in the way of functional divisions. Well, the trade agreements division had very clear functions in carrying out the trade agreements act. At the time it was set up, economic work had been done only in two places and they were very small; one was the office of the economic advisor who at that time was Herbert Feis, who was very close to the Secretary. I think perhaps who was close to the Secretary and who was not, and how that played out, might be a subject we might discuss too.

Q: Herbert Feis was the historian?

REINSTEIN: No, no. He was an economist. He was an economic advisor. He had a staff originally of two and I think it then was increased to three assistants. They helped with economic policy issues and general character and specific issues. In trade agreements we had a good informal working relationship with Feis's officEA, economic advisohis assistants were young fellas. The trade agreements division developed into a rather large organization [laughs] and you only had the economic advisor's office. Then there was the treaty division; at some point they had decided to create a treaty division, which consisted really basically only of two peopla chief, Charles Barnes, who came from the legal advisor's office, and Dr. Wallace McClure who had been one of my professors at Georgetown. McClure dealt with economic treaties and Barnes dealt with others. They really had no great influence. They were located in the Winder building.

Q: Across the street then?

REINSTEIN: Across the street. This was the famous building, which still exists. It was Grant's headquarters during the Civil War and we had a few rooms over there. I don't know who else was in the building; I think maybe some War Department personnel. It was the one place where you had a calligrapher; you had to have a calligrapher for certain types of documents. The calligrapher, I guess, took all fancy documents, maybe ones from the United States, and was located in the treaty division. They kept a record of all the treaties of the United States in this wonderful calligraphic style, going back to the Revolution.

Q: It's beautiful writing.

REINSTEIN: It's beautiful. You know, it took hours to do these things. If I remember, the calligrapher was a man named Sidney Smith.

Anyhow, the treaty division really had no significant policy role. We had a Treaty of Friendship, Commerce and Navigation with what we then called Siam. The work on that was done by the geographic desk officer and me because one of the functions of the trade agreements division was to watch out for action taken by foreign governments which were harmful to U.S. trade interests. Before there had been nobody really responsible for that and that function sort of flowed naturally to trade agreements, TA. It didn't really necessarily come within the trade agreements jurisdiction but here you had a big, powerful division, well-staffed, and so it worked in the flow there. The work goes to places with people who are willing to do it so this is why gradually the trade agreements division got functions or things such as working on commodity problems and other problems.

Q: Did the trade agreements division have a special place in Secretary Hull's heart? After all he's known in the history books as the father of the reciprocal trade agreements.

REINSTEIN: Oh, by all means. Yes, indeed. This was very dear to his heart and he paid a great deal of attention to it. I thingoing back to an earlier question that you asked about his competence and interesI'm not sure how much attention he paid to Latin America. I think he more or less felt he could leave that to Sumner Welles. But he was concerned with Europe and with the Far East because the Far East was China, Japan, and then it was all colonial territory, and particularly to our security interests in the area.

Let me just dwell a little bit more on how the Department functioned. As I said, I was offered a job to come work the next day. There was no security clearance. I realized only years later when we made a survey of how many people were in the Department in economics. Well, the economic minister in London and I, economic minister in Paris, did not turn up on the list as having studied any economics at all, which we found rather entertaining. But the reason was that I realized they hadn't asked for a transcript of my college record; they just hired me and there was no record of me at all.

There were no security controls over the building. There used to be a fella who came in to shine shoehis name was Raymonand he would go from office to office. He would charge ten cents for shining your shoes and people would be sitting and talking and they would continue their conversations. I thought at the time that if some foreign government hired Raymond they could pick up a great deal of information about what was going on in the State Department by simply listening to conversations. As a matter of fact, years later when I would be in the office of one of the under secretaries, Bob Murphy, and I would have to sit and wait while he got free, I picked up the most enormous amount of information simply listening to what the secretaries were saying on the telephone. When you took a departmental car, even knowing who had ordered a car told you a great deal about what was going on. Anyhow, Raymond came in and he shined everybody's shoes for a dime and left.

Q: [laughs]

REINSTEIN: Also, there was no security, really, at the White House. There was a cafeteria at Fifteenth and New York, just a couple of blocks over on the other side of the Treasury and they had very good food. The food in the State Department cafeteria was no good at all, not very good. It was small and I think it was restricted to executives anyhow. Clerks were supposed to go out and get our own food. There were a string of restaurants across Seventeenth Street that people liked to eat at; you could get a drink at most of them. And there were other fancy restaurants on New York Avenue. There were a large number of restaurants and people went out a great deal to eat. When we went over toward town to go to a restaurant or maybe do some shopping; we would come out the east side, in the middle of the building, and cut across the White House lawn.

Q: Oh.

REINSTEIN: Yes. It was shorter than walking up to Pennsylvania Avenue and then walking across and we'd cut across the White House lawn.

Q: Things have changed in sixty-five years, Mr. Reinstein.

REINSTEIN: They have indeed. As a matter of fact, when I went to work there the social cache of being in the State Department was very great. It marked you as a person of significance. I discovered years later, much to my surprise, that we were listed in the Green Book. I wasn't even aware of the fact that we were listed in what's in effect a social register. It was a wholly different kind of atmosphere.

Q: A method of doing business in some ways.

REINSTEIN: A method of doing business; and working on sugar, for example, I dealt with the Interior Department, with the assistant secretary who had jurisdiction over Puerto Rico and the Virgin Islands. Austin Chapman was his name actually. But it was not unusual to deal with somebody at the assistant secretary level.

Q: But you were the knowledgeable person about that subject.

REINSTEIN: Also, there was a delegation of authority in the State Department which did not exist in other government departments which were responsible for administration of laws. In effect, particularly when you became a signing officer, you were exercising the authority of the President of the United States. There was document which defined delegation by the president to the secretary of state. That was a personal relationship. In later years I engaged in a rather complicated negotiation with the Treasury Department and I discovered finally that the fellow at the opposite end was the Secretary of the Treasury. He was not the fellow I dealt with directly, but he was the man who was calling the shots and making the decisions.

Q: That's a little higher in rank too. Did you have any dealings at all with the White House?

REINSTEIN: No, not really. You have to understand that the White House consisted of the President. [laughs] He didn't have much of a staff; he had his naval aide, Admiral Leahy, on whom he relied a great deal. But he found that he really didn't have people to help him execute his duties and so he asked for an increase in the appropriation for the White House to enable him to hire six assistants, whom he described as people who had a passion for anonymity. [laughs] If only the White House staff could be similarly run now, it would be a great thing. A passion for anonymity. Well, one of my friends was in that siJames T. Rowe. He was a member of our square dance group; I and my first wife were members of the original Washington square dance group. A number of rising stars in the administration were members of that. Anyhow, we square danced once a week until it became too numerous and had to break down into two groups, marrieds and singles. During the war our membership got decimated so we combined temporarily but retained our separate identity, so you were either a Wednesday-Tuesday or a Tuesday-Tuesday [laughs] depending on which group you had belonged to before.

This was the beginning of the development of the White House staff. I can't put a date on that; it was in the late '30s, I think, and one of the assistants to Roosevelt stayed on for some time and became rather controversiaLaughlin Currwas housed in the State, War Navy building after the Secretary of War moved out in '43 or something like that. Having said that, I did see the president on several occasions and I've been troubled by this drive to portray him in a wheelchair; I never saw him in a wheelchair. I saw him probably at a time when he was in a wheelchair, and that fact was concealed, but the President was a visible person. I saw him I think for the first time when I went down to Atlanta for a speech in which he kicked off his campaign for reelection in 1936, in which he got off one of his memorable phrases about his opponents being gentlemen in well-stocked clubs. I saw him in the White House at the signature of the trade agreements with Canada and the United Kingdom, about which I can say a word about the major accomplishments of the trade agreements program. The signing of the documents took place in the White House and we were in a room with a corridor that led into it and I was seated so that I could see the President coming along the corridor, supported by Jimmy, walking. He was walking. The idea that Roosevelt didn't walk is crazy. I don't think there was any newspaper coverage at all. As he came along the corridor I could see the pain on his face and then when he walked into the room he beamed. He was the person you saw in newsreels all the time and he presided with good humor over the proceedings and their importance, and walked into that room. Now that would've been 1938.

I saw him again in 1940 under very dramatic circumstances. We had gone to a concermy first wife and I, Rachel Campbell, who incidentally had all kinds of Foreign Service connections; she had uncles in the Foreign Service and she had a great uncle who had been assistant secretary of state. As a matter of fact, in that 1936 Grey Book, in the index she was listed next to her great uncle, even with a gap between '9he was the third assistant secretary of state. They ranked them then. We're jumping ahead of the story, but I think it's important when we're talking about Roosevelt to talk about Roosevelt and what he could do and how he seemed. There was a concert of the National Symphony, which as I recall it was in Continental Hall, which people don't remember. Continental Hall is on Seventeenth Street and was the original DAR building. Then they built a new building, which is Constitution Hall, and that's where the concerts were shifted and are still given. It's a much better facility. My recollection is that this was in Continental Hall and in those days if you sat in the orchestra you dressed as you did in the theater. It was unheard of to go to the national theater and sit in the orchestra and not be in formal attire.

The date was May 10, 1940, which was the date of the invasion of the low countries in Western Europe, and the President was there. And during the intermission he got up on the stage and we watched him go up. He was at the banister and he was using his right hand to pull himself up and Jimmy was helping him on the left side. He got up those stairs walking and he stood there and he talked to us about the implications of what had happened that day for the United States. And he indicated that Hitler was a serious threat to the security of the United States. It being a concert, there probably were no reporters present, maybe a music critic. But I don't think there was a word about this in the press the next day.

Q: I never heard that.

REINSTEIN: It was very significant. We were there. He was worried. He took us into his confidence. It was an extraordinary occasion, a great moment in my life. I saw him at other times earlier. I saw him when he had invited the King and Queen of England to come to Washington; it was the first time that they had visited the former colonies.

Q: June of '39, that's right.

REINSTEIN: He was trying to indicate American support for Britain, trying to send a message to the Germans, and it was a wonderful, wonderful occasion. There are all kinds of stories about it; I suppose they've all been written up. He talked very frankly and freely with the King of England and the King said, "I wish my ministers would talk to me like this." And then he gave him hot dogs up in Hyde Park. [laughs] Entertaining him, a lot of it was. He took him for a ride in his car in Rock Creek Park and he got lost. [laughs]

Q: He got lost. [laughs]

REINSTEIN: He had to stop and ask the Secret Service how to get out. [laughs] But he got lost in the park.

I don't think I saw him again after that 1940 episode. You know, the war and all these things came up.

Q: Yes.

REINSTEIN: Speaking of the war, and going back to Cordell Hull, I had occasion to go to a meeting in his office one morning in the '40s and Mr. Hull did not seem to be focusing on the subject we were discussing; we weren't getting anywhere. Normally when you emerged from the secretary's office, you emerged with an understanding as to what was to be done about the particular problem that had been the subject of discussion, which again I think shed some light on the question you asked about Mr. Hull and how he operated. His manner may have put people off, but by training and background he was a man who understood the need for decisions. But in the circumstances of the late '30s and early '40s the position of the United States was one that made decisions difficuland I think I better talk about the early war period after we get on with this. I thought this rather strange because I never had this experience with the Secretary, and he finally said, "Would you gentlemen excuse me?" and we left the office without having resolved the problem; and he had a very small outside office; it was four people or something like that, not very many. The head of the office was a man named Joseph Grey and I stopped and I said, "Joe, what's wrong with the secretary?" and he said, "The Bismarck."

Q: Oh, yes.

REINSTEIN: It had slipped away from the British and?

Q: In May of '41.

REINSTEIN: Yes. He was so upset by that that he couldn't focus on this problem.

In the trade agreements program, I think probably the crowning achievement was the conclusion of the agreements in 1938 with Britain and Canada. We had an agreement with Canada already but it had a limited significance. The '38 agreements constituted a major inroad into the system of imperial preferences, which had been established by the Brits and their commonwealth relation of partners in the depression and it had been quite injurious to American trade interests. Because they had made agreements between themselves binding the particular treatment which they accorded to one another, to get a significant inroad into the imperial preference system in Britain and Canada, you had to get both countries at the same time. You had to negotiate the tariff with both of them. And we had a negotiation which began in something like February of '38. The British were used to dealing with countries like Argentina, with which they had an unfavorable trade balance.

We had made an agreement with Canada before but the effect of the agreement was limited because of the bindings of which the Canadians had given to the British; and the only way of making progress in liquidating these barriers was to get both of them at the same time and have a triangular negotiation in which everybody got benefits and you could justify the concessions you made. This was the first commercial agreement which we had made with the British since the end of the War of 1812. Although at various times there had been predecessors to the trade agreements act, we had never had any commercial agreement, except on travelers' samples and a few tactical things like that.

The British came over in something like February of '38; they were in the habit of walking over the countries they were negotiating with and I think they expected to spend something like six weeks here or something like that. Well, they found that dealing with the Americans was a different matter. For instance, they had a standard set of articles for the general provisions, which they just presented to other countries and expected them to sign. Well, it so happened that the U.S. had a standard set of provisions and I was entrusted with the negotiation of the general provisions. They told one of their people to negotiate with me but we didn't get anywhere at all. So they settled for a man from their legal advisor's office, who later was named to the world court, Fitzroy, and he and I had a very complicated negotiation to try and reconcile language which in both countries had been incorporated for so long, with the origins insignificant; that they were difficult to be sure of.

I should say, it was not without importance to us to keep the same language, because I remember when I'd worked on the agreement with Siam and when we went down to the Senate to present it, the chairman of the Foreign Relations Committee asked, "Is this the same as the rest?" and we said, "Yes," and he said, "Okay," and that was the end of it. I mean they had approved the language before. Well then you started in with new languagof course, we didn't have to justify this to the Foreign Relations Committebut nevertheless it involved problems for us and it involved problems for them. Well one of the interesting problems was that they presented a text to us that said this rule applies to all His Majesty's colonies, protectorates and blah, blah, blah, blah, blah. And I said, "Can we have a list of those?" "We never give our lists out." And I said, "Here this agreement has to be administered by customs inspectors who are not notoriously intelligent about geography and if we don't tell them what territories it applies to, they won't know what tariff to apply."

Well, they grumbled and grumbled and grumbled and said they'd never done this before, but they finally turned up a list. So I went through the list to look at what I could find about the American attitude toward these various territories. It was an interesting experience because I had to go back and read about things that went back to the early part of the nineteenth century. I finally came back and I said, "Well, there are two countries on the list that I couldn't accept. One was Tonga. Tonga was a very interesting case, the typical amusing case of how colonies came into existence. Tonga was the subject of conversion to Christianity by two different partisan groups, and their adherence came into conflict and it became bloody. Well this thing had kind of been under British general protectioas you know, it's in the Indian Ocean and so on. The British finally stepped in and established a protectorate. What I discovered was that we had made a treaty back in the nineteenth century with Tonga giving us a right to have a coaling station there, and I could find no record that we had recognized the British protectorate. At this time of course we weren't coaling our naval vessels, we were using oil, but islands in that part of the world were getting important. What I was concerned with was our military rights. We were having quite a struggle with the Brits over some obscure island in the Pacific which we both had an eye on as a potential place for an aircraft landing station. I said, well, I ain't giving away anything. Whatever we have in Tonga we're going to keep. So I said, Tonga I want. The other was the Falkland Islands and that had a fascinating history.

The Falkland Islands were originally uninhabited. Criminals from the mainland established themselves there. The Americans, when they were whaling in the South Polar region, used to put in for water and they came in to conflict with this local population and the Americans got fed up with this and they kicked these Argentines out.

Q: The American kicked them out?

REINSTEIN: The Americans kicked them out, so the area was unoccupied. At that point they were settled by these people from wool raising areas in Britain. About 1856 we got into a squabble with the British about pig-sticking, it was called. [laughs] Ships had put in there and they had helped themselves, or something or other, to the local wildlife and we got into conflict. We had a nasty set to with the British, in which we said, "You don't have any right to be here." So on the record we had denied each side's right to be there. The subject of the Argentines reclaiming them had nooh, I guess they made a noise or two, but nobody took it seriously; I mean that's taking on the British empire. But on the record we hadn't accepted their presence either, so I'm not going to agree to anything that changes the American position. This might be a problem in the future. All the British screamed their heads off. Oh, they didn't mind Tonga, but the Falkland Islands, they just screamed and screamed. In the way we were organized, I was the top authority. They didn't take it up with Harry Hawkins or go farther up the line. I guess they figured getting into a squabble with the U.S. over the Falkland Islands was not worth a major fuss when you were trying to make these major agreements, so they got left out.

Q: So they agreed that we didn't include Tonga and the Falkland Islands?

REINSTEIN: That's right. I said I wouldn't accept it and that was it.

Q: And the Canadians, of course, weren't interested, probably, in that.

REINSTEIN: The Canadians sent an undersecretary of state, or something like that; we had an agreement already with the Canadians. I forget what his name was. He and I sat down one afternoon. We took the old Canadian agreement, we took what we worked out with the British, and we sort of went down and said, "Well, let's see. Is there any improvement in the language here?" We negotiated everything except one point in a couple of hours. We ran into one very sticky point with the Canadians, having to do with border traffic because we gave better treatment to people coming back from Mexico with imports than we did from people coming back through Detroit. How we handled this differential presented us with a kind of problem and we finally worked out a compromise in which the matter was left to the director of customs. We worked our way around the treaty problem. Anyhow, that was the major trade agreement negotiation and then we could go announce the war.

At the time the war broke out, the assistant secretary of state for economic affairs was Henry F. Grady, who had been the first head of trade agreements. He had been dean of the business school at the University of California Berkeley and had taken on running the trade agreements. Later he went to the tariff commission as a commissioner and then he went on to become ambassador to India.

Q: To Argentina, didn't he?

REINSTEIN: Ah, he had about five ambassadorships. Greece was one, I remember.

His wife was a very interesting person. She was from an old Spanish family from California, and a great power in the Democratic Party there. She was really the political power behind Henry Grady. I think she may have been the national committee woman or something like that, in California. Anyhow, in 1939 Dean Grady was the assistant secretary of state for economic affairs. His assistant was Alger Hiss. Alger went off on vacation and it was the custom that when that office became temporarily vacant I would go up and handle it, and that involved basically two things: reviewing telegrams and letters sent to the assistant secretary for signature or initialing and if they weren't in proper order or you had questions with them, figuring them out with the drafting division and making sure that they were all right before presenting them to Grady. So he had the benefit of a professional who had reviewed them. The other part was that you would get together this enormous telegram take and go through it every morning and sort out the things which the assistant secretary should see. As I say, when Alger Hiss went away on vacation I would go up and take his place. When he came back one of my important functions was to fill him in on what had happened in our favorite comic strip "Terry and the Pirates." Bring him up to date.

Q: [laughs] Oh yes.

REINSTEIN: Anyhow, when the war broke out I was living up just off Connecticut Avenue, before the Taft Bridge, on Ashby Place, and we were awakened by newsboys shouting out, "Extra, extra!" It was September 1, 1939, the German attack on Poland. I had had to delay our marriage because of the Canadian-British trade agreement negotiations and as they dragged on finally we decided that we couldn't wait for the end of the negotiations so we fixed a date and they adopted our marriage date as a target date for the completion of their negotiations. They didn't make it. We went off on our honeymoon.

Q: [laughs] Oh, good. You made it.

REINSTEIN: We were caught up in New England during the 1938 hurricane.

Q: Oh yes. That was that September of '38. Yes, that was a terrible one.

REINSTEIN: Oh, it was. It was a week before we could get out of the town we were staying in in New Hampshire and it took us a day to get to Boston, which is ninety miles, and it took us another day to get to New York and that day was the day of the Munich Agreement. And we had a 1935 Ford which did not have a radio and we had no idea whether World War II had broken out or not and we didn't get the latest until we finally arrived in the suburbs of New York, actually the town of Bronxville, but maybe it was in other towns, like Chautauqua.

We had thought of going to Europe the following year, '39, and seeing Europe before war broke out because I felt that there would be war and that the Europe we had known would be wiped out. So when we learned about the war on the radio we lay in bed and talked about what Europe had been like and what might be destroyed and we'd never see again. All of a sudden I realized that, hell, I was supposed to be down at the State Department. [laughs] I threw on clothes, grabbed a cawe normally walked to worand went down and as I was sorting the telegrams Grady kept?

Q: Oh, Hiss was still away at this time, was he?

REINSTEIN: Hiss was away, yes. And Grady kept popping into the office and saying, "You got anything? You got anything?" Well, what we got was very interesting: an enormous number of telegrams from various and numerous American consulates in Germany reporting, in code of course, what they observed in the way of movement of heavy equipment and soldiers heading eastward. A very clear intention of German intent to attack Poland.

Q: And this was just before September first, I gather.

REINSTEIN: Yes. Well, you put your telegrams in code, but then what did you do with them? You took them down to the post office.

Q: Yes, of course.

REINSTEIN: The Reich's post where the Germans carefully put them aside and then delivered them all after the attack occurred.

Q: Taking no chances then?

REINSTEIN: Well, they just held up all telegrams and they deprived the U.S. of that source of intelligence, and probably others as well. The only communication that we had that was independent was in the Far East where in China at various consulates there were naval radio stations and there was a very lively traffic with various consulates communicating with us and repeating everything to Washington and it was possible to know almost everything that was going on in China. But that was the only independent source of communication that we had. We didn't get any. In fact, nothing happened at the State Department. Of course the Congress didn't want to get involved.

Q: And the Neutrality Act was in effect, wasn't it, at the time?

REINSTEIN: The Neutrality Act was in effect but we had been chipping away at that undercover and of course over time that went on more and more, to the point where you had American submarines actually participating in the protection of British convoys and engaging in at least one direct conflict with a German war vessel. In various ways we tried to help the British blockade peaceably, but always undercover because we just had such strong sentiment against involvement in the war. You remember that in June of 1941, six months before Pearl Harbor, the question of renewing the draft came up and passed only by one vote, destroying the friendship I had with Ted Elliott, of Massachusetts, who held a seat later held by John F. Kennedy. I never spoke to him again. He voted against it and I thought that was absolutely outrageous.

Incidentally, one thing we passed over, and I don't know whether you want to talk about it, is attitudes towards the Spanish Civil War.

Q: It would be useful to go back to that because we have not mentioned it.

REINSTEIN: Well, sentiment in Washington was strongly divided over the Spanish Civil War, which came up more or less at the same time as Mr. Roosevelt's Supreme Court packing plan. The differences of opinion in this city were vigorously held. As a matter of fact, there was a period of time when I said nobody spoke to me because I was against the Supreme Court packing plan and therefore annoyed all my liberal friends, and I was for helping out on the Spanish Civil War, which annoyed all my conservative friends. I felt socially quite isolated. People held their opinions rather strongly in those days.

Going on to the war, our interest became increasingly involved. The administration was secretly assisting the British and we finally came to the lend-lease agreement. I was not involved in the lend-lease agreement but I'm familiar with it. Do you want me to say anything about it?

Q: Let's go back to the Spanish Civil War. What did it do in the State Department? What was the official line and what was the feeling in the troops?

REINSTEIN: The official line was not involvement, among the troops mostly the same with exceptions. I remember having a talk about it with Hugh Cumming. His father had been head of the public health service. His father was the surgeon general of the United States and Hugh was desk officer for the low countries, I think. I remember talking with Hugh about this. Hugh saiand this was my feeling toby taking the position that we would not do anything to help the loyalists, we would, in fact, create the situation that people claimed existed. We would drive them into the arms of the Communists because they had no other place to go; and we would create exactly the position that we feared by our own action and it was possible to avoid that. We were a minority, I would say.

Now come to the war itselagain, I think the lend-lease, of which I was not involved, is probably widely documented and I don't know that I could add anything of any significance to that.

Q: Were you involved in the negotiation, or working out some of the details, of the lend-lease agreement?

REINSTEIN: No, I was not. In June of 1941 when the war was going hard for the Brits it resulted in the Brits against the Italians and the Germans. The Japanese kept edging in more and more. We finally took action to establish financial controls over relations with Japan and the axis. We had taken action before. A little bit of history is involved here. When Mr. Roosevelt closed the banks in 1933 he invoked the powers of Trading with the Enemy Act of 1917, of dubious legality but great necessity, and what he did was promptly endorsed by the Congress. This kind of left open the question of what was the status of this legislatioTrading with the Enemy Act. In June of 1941 as the Nazis began invading countries we did two things. One was to ensure that they did not get access to the official accounts of the invaded governments.

Q: Being held in the United States.

REINSTEIN: Being held in the United States. At some point, I think this was originally a function of the invasion of Yugoslavia, and the Yugoslav government fled from Belgrade, carrying its gold supply with it. I think they were rescued by the Brits on the coast. I don't know how much they saved; they saved some. Anyhow, this gave the financial markets a scare. Congress passed legislation protecting a bank from heeding the orders to proceed from a government or central bank which had been certified by the State Department as being the legal authority. This had a double function: it protects the banks; it also gave the Department power to keep these assets out of the hands of the invading powers. They rushed this legislation through Congress during the time of the Yugoslav invasion. People kind of forgot about it. As a matter of fact, I was tempted to call up the State Department and remind them about it when they were worrying about Noriega. Noriega was the simplest thing in the world. You know, they were worrying if Noriega could have access to Panamanian assets. All they needed was a certification from the State Department of who had the authority and I almost picked up the telephone and called up the legal division and said, "Do you remember this legislation?" Apparently somebody came up with it and they did the necessary. It's still on the books. Well that was one thing that they did. The other thing was they established financial control over the assets of those countries and their official establishments in this country under the famous Trading with the Enemy Act. And the Treasury set up an elaborate set of controls to administer that and dealing with the Treasury in that regard came under the jurisdiction of Dean Acheson.

Q: Whose position at that time was what?

REINSTEIN: Assistant secretary for economic affairs. And I had gone to his office as his personal assistant for dealing with his regular departmental affairs in late 1940, I guess. I think it was late 194much to my annoyance because they had took the fellow who had held the job and brought him down to trade agreements and promoted him to the assistant chief position, which they had not given me. It gave him all my functions, in which I'd worked for a period of years. He was one of the people whom Henry Grady had brought from California, his students. I won't mention his name.

They established these freezing controls and then a whole series of games began to be played. One of the things was that the Japanese began calling their merchant ships home and we were working with the British on the economic war controls. Economic warfare wasn't called economic warfare. I worked very closely with the second secretary of the British embassy, who was later the director general of GATT, to try and establish the controls. We closed the Panama Canal to Japanese shipping, pointing them to go around Cape Horn or go through the Straits of Magellan.

Q: Could we do that without a war?

REINSTEIN: Yes, we had?

Q: Did we have authority to close it to any nation we weren't at war with?

REINSTEIN: Nobody disputed our legal authority.

Q: [laughs] Right. I thought we made a commitment in 1914 to keep it open to all nations except in war.

REINSTEIN: Except in the case of war, yes.

Q: I'm sorry for getting you off of this track.

REINSTEIN: I'm not sure. I was not involved in the legal discussions. We closed the Panama Canal to Japanese shipping, forcing them to go all the way around. The fellow I worked with in the British embassy was Eric Wyndham White, later director general for many years of GATT (General Agreement on Tariffs and Trade). Eric and I tried to establish some kind of control to prevent these Japanese ships from getting fuel oil, getting bunkered. The axis powers had riddled Latin America with their agents and I don't think we kept a single vessel from getting back.

Now let me make a comment on control of bunkering. This is an incident which, to my knowledge, never reached the public eye but it illustrates the difficulty of controls of this kind. I come from Savannah, Georgia, which is on the edge of tidewater and its suburbs reach down into the tidewater. After we were already in the war we were losing shipping in the Florida straits particularly, at the time before we built the pipe lines because the tankers were bringing oil from Texas and Louisiana to New York and New Jersey; and they were getting knocked off by German submarines all the timpartly because the people of Miami wouldn't observe the blackout, so the vessels came along and were spotlighted against the lit up city and were sitting targets for the German submarines. At that time, one night there was a colored fellow who was down at a little settlement right near the beginning of the tidal marshes. He saw a light out in the marsh.

Q: And this was in Savannah?

REINSTEIN: This was in Savannah in Shadow CountShadow County proper at that time. There was nothing out there that would warrant a light. He thought this was very strange. There was no particular reason to be a light; there were no islands out there; it was not an area where people went to do anything at night. So he very wisely went to the first house and knocked on the door and got the white man who lived there to come and look. The white man called up the sheriff's office and they came down and they mobilized what was necessary to go out there and see what was going on. They captured a German submarine which was being fueled in those tidal waters by American traitors.

Q: I never heard of that.

REINSTEIN: No, it was kept quiet. I've never seen any reference to it.

Q: And we were in the war at the time?

REINSTEIN: Yes, yes.

Q: And Americans were selling Germans fuel?

REINSTEIN: Yes. You've heard of Benedict Arnold, haven't you?

Q: Yes.

REINSTEIN: He has successors. They captured everybody. The Americans were guilty of treason and I don't know what they did about that; the Germans took prisoners-of-war. They brought the submarine around to the main port with its crew. The feeling in the town was very high because a number of local boys had been going down in ships and there was a sentiment to go and lynch the German crew, which would've been absolutely ghastly because it would be a violation of the treaties and something like that would jeopardize American prisoners. They managed to calm it down. I have never heard that this has been publicized at all. I got it by word of mouth in subsequent visits. I'm just giving that as an example of how difficult it is to exert control over these things.

In 1941, June, they issued what was called a freezing order on Japan, Germany, and Italy. When they did so apparently they didn't come to a clear conclusion as to exactly how they were going to administer this order. The Japanese began testing it right away by trying to buy cotton and offering various methods of payment. They had one ship which they could load up and they tested to see what we would do and whatever they proposed was turned down. So that sort of set the pattern that this would be a complete economic blockade. At least that was the way it was administered in the United States.

Well, about September in came an unclassified telegram from London reporting an agreement between the Bank of England and an Oklahoma Bank on how any trade permitted would be financed. This telegram came to the attention of the Secretary of State, Mr. Hull, who said, "What's going on here? I thought we had cut off relations with these fellows. I want a study made of exactly what is going on." Well, the question was who was going to make the study. The Far Eastern division was bitterly divided in two camps. One, for taking action against Japan, one for taking it easy, headed respectively by Stanley Hornbeck who was presumably number one, who was for taking action and getting tough with the Japanese; and Jack Hamilton, the assistant chief of the division who was against it. You know, don't stir up the beasts. And the staff was divided and they felt you simply couldn't entrust any study to them. They decided to give this function to Harry Hawkins.

Q: Of the trade agreements division?

REINSTEIN: Yes, because Harry Hawkins was recognized as being an honest guy and he would make an honest report. Well, Harry Hawkins was busily trying to get a trade agreement with Argentina before the walls fell in, and he was interested in spending time on this so he passed it on to me. Anyhow, at that point Alger Hiss had moved from Acheson's office to Stanley Hornbeck's office. He wouldn't listen to Stanley Hornbeck. I don't know how Alger got into it; he got into it I think because in the Far East the question was dealing with the Dutch about the Dutch East Indies. Anyhow, we collaborated on trying to draw up a report on what the actual situation was and he took on the Dutch. They were nervous; they were afraid that the Japanese would attack the East Indies.

I took on the British, and through them the Commonwealth. It was the only time I think I have ever conducted diplomacy for the United States in Washington outside the State Department building. I went up to the British embassy and dealt with their economic minister, which also kept it out of public view. The Brits themselves were quite clear as to what was what, but we said to them, "Look, if you give us a report on what is going on in the Commonwealth, we will see what's going on in the East Indies." Alger and I collaborated. One of the things that we discovered was that this so-called blockade was very loose, that there was no understanding as to what you would do if the Japanese tried to trade with you and if they had given the system a good push it would've collapsed. I may have my timeframe wrong; our report was the beginning of September. It may have been more likely that it put us in that sort of general time period of '41. We discovered that there were all kinds of loopholes and uncertainties and so what we did was we came up with a set of recommendations on clarifying the intent, which was to blockade all trade with Japan, as far as possible. For tightening up in areas particularly close to JapaMalaya and the Dutch East Indiewhere we could tighten up but not provoke a Japanese attack, we did things like, for example, getting the residents in the strait settlements to prohibit night loading. Just turn off the lights in effect.

Q: [laughs] A simple solution.

REINSTEIN: A simple solution. That cut down automatically the amount of rubber and tin which the Japanese could load because it restricted them to daylight hours. In the meantime, of course out of concern about this situation we were acquiring tin and rubber and shipping it to the United States as much as we could with, very serious affects on the Philippines because we took awawe had the control apparentlwe commandeered the shipping which was devoted to bringing sugar to the Philippines and diverted it to Malaya to stock up on tin and rubber as much as we could.

Q: And sugar is money to the Filipinos.

REINSTEIN: Yes, well this was a significant economic blow to the Philippines, but war is war.

Q: May I ask a question?

REINSTEIN: Yes.

Q: In your bringing forth this policy, did you have to negotiate internally in the U.S. government with Commerce or Treasury or Justice, or any other agencies?

REINSTEIN: No. In point of fact, you see, the Treasury was already clamped down a hundred percent; you didn't have to consult them. What we were trying to do was to line up other countries to be as tough as possible in restricting the buildup of the Japanese war machinbut not pushing it to the absolute limit. We did come up with recommendations to the British and to the U.S. government on actions to be taken and what we would urge on other countries. We did a very considerable tightening of the blockade and insured its effectiveness.

Q: Among the countries you enumerated, you didn't mention French Indo-China. Did they play a role in this or were we greatly concerned about Japanese intentions in that direction?

REINSTEIN: No, we were concerned with Siam and Malaya, but mostly the Dutch East Indies. When you get to December 7th, it's incredible to me that we got caught off-base.

Q: You are going to mention the oil blockade because that's what triggered so much of what followed, I gather, in July of '41 when we cut off their oil.

REINSTEIN: Yes, we cut off their oil and cotton.

Q: And Prime Minister Konoye was overthrown and Tojo came in.

REINSTEIN: Well that was a June decision which really established a complete prohibition of exports from the United States.

Q: Did it include oil in that first?

REINSTEIN: It included everything, at least to the best of my recollection. Everything. Everything. And the Japanese, as I said before, tested us because they had a vessel. They tested us on cotton, which was more strategic, to see whether we would allow them to buy cotton, and we wouldn't allow them to buy cotton. That sent the signal to them that we were serious. And, as I say, the Japanese reaction was to pull the merchant fleet back to home ports. They therefore did not by and large test the blockade at the points at which it was weak and we reinforced it in two ways. One was by getting the people in the British Commonwealth to understand that the policy was one of prohibiting exports; and second, to limit the exports from the two areas which were in greatest danger from Japan, but not to the point of complete cutoff; in other words, not to provoke the Japanese to take military actiohopefully.

Q: So certain things they could get from us still?

REINSTEIN: They were still getting?

Q: Lumber and things like that?

REINSTEIN: No, not from the United States. They were getting nothing from the United States. The exports they were getting, they were getting from the British and Dutch colonies in Southeast Asithe Dutch East Indies and Malaya Straight Settlements. There was a tightening up there but an effort not to be too provocative, not to be so provocative as to invite a Japanese attack because we did not want to go to war with Japan and were not prepared for war.

Q: So in that sense our policy failed?

REINSTEIN: Yes, it failed. At some point the Japanese decided to go to war and that subject has been extensively explored in literature on Japan, of which I am not familiar at all. But the Japanese did get themselves in the position of having people in Washington who were presumably negotiating with us on seeing on whether we could come to a position in which we could both live with, while they were preparing to launch an attack. We, in fact, broke the Japanese code; we read the instructions to the Japanese negotiators, which apparently gave significant indication that they would take action. We knew on Friday night, December fifth, our timyou have to be a little careful that the dates are different there than here; there's one day differencwithout having access to anything classified, you could tell that the situation was getting desperate simply by reading the papers. The president of the United States had made a direct appeal to the emperor of Japan. That was public knowledge on Friday. It was known that the Japanese fleet was steaming south. What we were unsure about waand we assumed they obviously had a military action that they were going to takwhether it would be limited, and it was thought that the occupation of the Kra Peninsula would be a limited action, or whether, what I was inclined to think, was that they would attack the Dutch East Indies and confront us with the decision as to whether we were prepared to go to war.

I did not think that they would be stupid enough to attack us, however; I went home and said to my wife that night, "After everything that has happened, particularly in Europe, if we get into a war with Japan, that's going to be really ridiculous." They had been taking little steps at a time and I had a feeling that maybe they would just continue these chopping off operations, but attack the weakesthe weakest would be the Dutcand then confront us and also the British and there would have been a decision whether to go to war with them. It would've been difficult for the British who were having a hell of a time in Europe. It would've been a difficult decision and the sentiment against war was strong in this country.

In June of '41 they took a polone of the early Gallup polls, I thinon whether we should intervene in the European war. The majority opinion, in a considerable majority, was against intervention. There was one area of the country which did not share that view. I am proud to say that was the southeast. They came back seventy-five percent for getting into it. I've always wondered why Southerners' recollection is still a recollection of the Civil War.

Q: I can tell you in my part of the country, the Midwest, it was just the reverse. It was about twenty-five percent for getting in and seventy-five percent for staying out. It was quite different.

REINSTEIN: Well, anyhow, we got in.

Q: Can you tell us something about the atmosphere? How the people felt and what they thought it would portend for the department and for themselves?

REINSTEIN: Frankly, it seemed to me, in my recollection, that there were divisions of opinion prior to that time on what the American position should be. Notably there was concern at the top about the ability?I would say that were divisions of opinion among the staff of the Department over what American policy should be, as there were in the American publiexcept they were more acute because the people involved were directly concerned with foreign affairs. There was certainland I thought I had said this before, but perhaps I had noan extraordinary division in the Far Eastern division over dealing with Japan, with one part of the division feeling that we should take a very strong stand against Japan, and another part of the division being strongly against that. As a matter of fact, the divisions of opinion, which had perhaps gone back to the question of how to deal with China, resulted in a purge of some of the personnel in the Far Eastern division at one point in the late '30s. The proactive group was reassigned to laymen jobs to the Philippines and to other places. One of the people who was very active and very articulate in his position was Joe Davies who recently died and I think was given posthumously the highest medal of honor, or something like that, of the professional awards. But he was literally exiled.

Q: Just because he was for stronger action against Japan?

REINSTEIN: That is correct. That is correct. The proactive group, the most articulate ones, were purged. They were sent to other assignments where they could not influence policy directly. I think I mentioned earlier the opposition of the Eastern European division to opening up relations with the Soviet Union, and the fact that at Mr. Roosevelt's order the division was abolished and some of the higher officers were given other assignmentremoved from that area. That was the only case in which I remember the White House got involved. But there were, in the Department, strong divisions of opinion on how to deal with the developing situation and threats, coming both from the Far East and from principally the Hitler domination of Germany and the aggressive policy which it appeared Germany was going to pursue. The fascist regime in Italy had not stirred up quite the same sentiment, I guess. The principal issue that arose with Italy was the treatment of Abyssinia, now called Ethiopia and whether strong action would be taken against Italy. I think the United States was so inclined, although not a member of the League of Nations; there was quite a series of developments which threatened the postwar one development and the de facto division of controls in various parts of the world.

I guess I mentioned the feelings about whether we should take action against Japan at the time of the Manchurian incident. I was still at Georgetown then, but my impression from the outside was that the United States was much inclined to take action against Japan in support of the League of Nations if the League decided to take action. The State Department had assigned a very senior officer as the liaison with what corresponds now to the Security Council of the United Nations. And certainly there was, at the time of the Manchurian incident, a very strong feeling that something should be done to stop the Japanese. The Manchurian incident was the second major threat to the real peace. The use of force had changed where things stood in a significant way. I think maybe it's useful to see how the process of peacekeeping gradually broke down, in effect maintaining the status quo even though the status quo as it was then was something that we would perhaps have a reservation about now. The first issue to arise was the Corfu incident; when Italy seized the island of Corfu, which had been assigned to Greece under the Treaty of Versailles or one of the related treaties.

Q: That was thought internationally and known to be a Greek island.

REINSTEIN: A Greek island and the Italians by force seized it. There was a question about whether the League of Nations should take peacekeeping action. They did not. You had a series of cases; you had the Italian attack on Ethiopia which was a clear violation of the League of Nations pact; you had the Manchurian incident which had a much more significant effect in terms of the disposition of forces. You had the violation by Germany of the disarmament, or the demilitarization, of the Rhineland. And sort of a series of pressures or actions against the status quo that had been established in the post World War I situation, all of which brought into question the peacekeeping provisions of the League of Nations; although it was not a member, the United States was apparently disposed, certainly in the face of Manchuria, to support League action. When that did not materialize the United States really took, as I remember, no position with regard to the Italian invasion of Ethiopia. But my memory on that is not clear. The final issue, I guess, or one of the final issues, although there were several more, was the intervention in the Spanish Civil War. I'm not sure whether that raised clear questions with regard to the application of a League covenant, because it was basically an internal conflict, but there were understandings that the outside powers would not intervene and those were clearly broken by the Germans, the Italians; and then the Russians.

Q: And finally force was used against the United States at Pearl Harbor.

REINSTEIN: Ah, not finally because you had the outbreak of the European war.

Q: Yes, but I was thinking of the U.S. side.

REINSTEIN: To come back to where we started, you asked me about the attitudes of the personnel in the Department toward all these things. There were mixed reactions and serious divisions of opinion. They certainly affected the development of policy. It was a combination of how people at the top felt and how those feelings were transmitted down and how people in the trenches felt at the advice and in the operation of policy. I don't know whether that answers your question, but the State Department in a small way, represented the division of opinion in the country itself on what its policy should be and an awareness of which was perhaps more effective than it was in public opinion of the military weakness of the United States. I think that the military weaknesses were well understood in the Department.

Q: Well at this period you were assistant to Assistant Secretary Dean Acheson.

REINSTEIN: That is correct. Acheson had an assistant. I think I said earlier that first it was John Dickey and then Alger Hiss. The assistant secretary was not just Dean Acheson. The early assistants were lawyers and selected primarily because of the kinds of concerns over the attacks on the constitutionality of the trade agreements act. There was the Secretary, of course; the Under Secretary, who at the beginning of my time there was a senior Foreign Service officer. The first one was Joseph C. Grew. But he had been preceded by a Foreign Service officer also, as undersecretary. Then there was the counselor.

Q: Grew was then assigned to Japan, wasn't he?

REINSTEIN: He was sent there as ambassador where one of his daughters fell in love with Cecil Lyon and they got married.

Q: That's right.

REINSTEIN: That was Elsie.

Q: Yes, I've met her.

REINSTEIN: I think at that point Cecil was moved out.

Q: [laughs]

REINSTEIN: And then there was the counselor, Judge Moore. I can't remember immediatelR. Walton Moore, I guess. He was a political associate of Mr. Hull's. The counselor job originally, I think, had been set up at a time in the early part of the centurthat is the twentieth century, I thinwhen an effort was made to try to bring legal work to the various departments under the supervision of the Department of Justice. The various departments were called upon to appoint a solicitor who would be responsible to the solicitor general in the Department of Justice, a position which now has a rather different function, which is that the solicitor general is the principal contact with the Supreme Court and usually represents the United States. He or his office represents the United States in Supreme Court matters.

The Department was not enchanted with this idea. If you go back and you read the foreign relations of the United States you'll find that in the last century particularly, or the early part of the history of the country, a lot of the issues that we had in dealing with other countries were of a legal nature or involved questions of international law. Of course this was particularly true of our relations with the British; we were constantly having issues with them during the Napoleonic wars when they were blockading Europe. There were other instances. We kept bumping into British naval power and a lot of the issues tended to be of a legal character. And the department did not particularly welcome having to get involved with the Department of Justice over these matters. I don't know that they ever appointed a solicitor. They had a counselor who was I think the principal legal officer of the Department initially, and then at a later stage they set up the legal division and they had a legal advisor. But the position of counselor remained and it's been used in all kinds of situations.

In the mid '30s the counselor was the number three officer in the department. The position was filled initially, at least in my time, by R. Walter Moore, generally known as Judge Moore. Since he had never held a judgeship, he was rather curious. He was asked about it one time and according to legend he said, well, in the part of Virginia where he came from, if a fellow was downright handsome he was called captain and if he was just ordinary looking he was called colonel, and if he was downright ugly they called him judge. [laughs]

Q: [laughs]

REINSTEIN: Anyhow, he was a former congressman and a kind of internal political advisor, I think, on domestic political affairs to Mr. Hull, who of course had served most recently as a senator, I think earlier in the House of Representatives, and was very sensitive to congressional pressures and the need of keeping them as sweet as possible, although he carried with him some of his disagreements he'd had as a member of Congress.

It was the custom at that time that when people had complaints about tariffs they would write to their congressman and then write to the State Department, and the secretary.

I can remember one casI think it was Representative Tinkem of Massachusetts who was a very conservative Republicaand he had sent in a question about a tariff matter and I happened to see the letter as signed, which Mr. Hull after signing it put, "Ha, ha, Tinky. You can't catch me."

Q: [laughs]

REINSTEIN: I regretted that I didn't have one of those cameras that takes pictures right away. One time I was coming back from lunch and I got near the section of Fifteenth and Pennsylvania, opposite what was then the American Security Bank, which was prominently on one of our bills, and there was a trash container there and much to my surprise I saw Tinkem just leaning on it, not doing anything; not crossing the street or anything, and I wished I had one of those cameras that I could get a flashcard of a U.S. representative hard at work. [laughs]

Q: [laughs] You would not have got many thanks from him for that.

REINSTEIN: Well he was from the other side on the matter in the division at that point. The Republicans and the Democrats fight over the tariff continued rather strongly. It was only later that the Republicans were won over to being free traders, as they are now for the most part.

I think you asked about assistant secretaries. There had never been many assistant secretaries up to that point. My first wife's great uncle was the assistant secretary. He was then third assistant secretary. They had three of them and they rated them according to their position. They had somewhat undefined functions, I would say. They were not specifically defined by the Department; they were simply delegations they received from the secretaries overlapping, as in the case of Acheson and A.A. Berle, Jr. both of whom were involved in financial matters; they disliked each other and that did not help resolve issues. The assistant secretary for administration, of whom I'm talking abouHowland Shaw, I think, had a long association with the administration. But there weren't very many assistant secretaries. And then you got down to the level of division chiefs.

At one time they had had bureaus in the pre-Rogers Act. There was a diplomatic bureau which had a consular bureau and then various geographic divisions. Of course you had visas, passports, and other major functions and that about did it. The visas were normally run by a Foreign Service officer. Passports were run by a?

Q: You were working at that time as assistant to Assistant Secretary Acheson. What were your main duties with him and what were some of the big problems he was concerned with at this time?

REINSTEIN: My function, theoretically, was to be a sort of general factotum, particularly in his relations with the regular functions of the department. I had two principal functions. One was to go through the telegram take and bring his attention to those telegrams of significance that he should be aware oa task that was performed at the beginning of the day. The telegrams generally came in overnight and we got large batches of them. We got a full distribution of telegrams. A full distribution was a normal way of passing the papers around the department.

The DCR, the Division of Communications and Records, made no particular effort to sort out the telegram take with regards to the interest of the constituent parts of the department. They just sent everything to everybody. I was rather struck by this. At some point I read the basic alchemies in Alger Hiss' trial. I had a friend who was a little on the odd side who worked in the Treasury. He was the husband of a very close friend of my wife's; the two of them had gone to high school together and they knew each other in college in New York. George was kind of a strange fellow. He was the nephew of the lady who was the originator of the Christian Science. Do you remember her name?

Q: Mary Baker Eddy.

REINSTEIN: Yes, Mary Baker Eddy. George was a great nephew of Mary Baker Eddy and he worked in the Treasury in Harry White's division. He was kind of a nut on the Alger Hiss case. He wanted to write a book proving that Alger had not been guilty and he wanted my help. He asked us to come out to dinner with him at Seminary Road in the Alexandria area and he showed me the trial records. I went over one of the documents that had been submitted and one of the things that struck me was that they had the record of DCR, of what telegrams had been distributed where, and DCR just sent everything to everybody. Even if the telegram had something personal from the Secretary from somebody or other, it would get sent all over the Department, including the visa division, the passport division. They just sent everything everywhere. It was a great advantage to me, in a way that I'll explain. It was non-discriminating way of sending out papers.

I forget how we got on to this particular topic.

Q: I was asking you what you did in Mr. Acheson's office.

REINSTEIN: Oh yes. So we got this great big take of everything under the sun; and one of the things that I had to do was get in there in the morning and sort the telegrams and get out the ones that Mr. Acheson should really be aware of. The system at that time, and perhaps still today, is one copy, which is the action copat that point it was yelloand that was the assignment which was made by DCR, usually correct, but not always, and very often more than one office was involved in an issue of any complexity. But one office received the action copy and the assistant secretary never got an action telegram unless it was specifically addressed to him. Although the practice was discouraged, telegrams were slugged for a particular place. The Department didn't like that practice but it was used for people in the field to draw the attention of a particular officer or office to a particular telegram. My uncle-in-law, Coert duBois, saw one of these telegrams which with some slight change he described as "from Fish for [another fish term] Ray Cod."

Each assistant secretary had divisions he was supposed to supervise. So one of the things to bring to the attention of the assistant secretary were action telegrams assigned to the officers he was supervising if they were something of significance.

Q: Which offices did Mr. Acheson supervise?

REINSTEIN: He supervised the trade agreements division, which is a task he had inherited from his predecessors who were more closely identified with the program; he supervised, I guess, the economic matters conducted by the treaty division. The financial matters were somewhat loosely divided between Acheson and Berle, which gave rise to friction. The economic advisor's office sometimes got action responsibility as an advisory office; it was not supposed to be an originating office, but they did get into things that were of great significance. The second group of telegrams Mr. Acheson had were those affecting foreign policy in any significant way because he was generally involveall the top officers were to one degree or anothein formulating foreign policy. So everything of any significance went to them, too.

The second general function that I performed was to review all documents requiring the approval of the assistant secretary as a signing officer, which he was very often. Matters involving policy were supposed to go to an assistant secretary at least for approval or signature. Division chiefs were not expected to take final action on questions involving at least two policies. As long as you stayed within existing policy, it was possible for signing officers at all levels, including down to assistant chiefs, to sign that for the secretary and to sign communications with other departments in the government, particularly in third-person notes to foreign embassies and the like. If it stayed within established policy a signing officer could take final action on a piece of paper. If it involved new questions to policy it was supposed to be taken up to an assistant secretary and it was one of the functions of the Office of Coordination and Review to make sure that that was done.

Sometimes these came up, most frequently, I guess, in the form of telegrams or instructions. In those days we still used written communications in dealing with the field; written instructions went by pouch or by radio or telegram. I had to go over those. If I didn't think they were adequately done I would send them back to the originating office, telling them what should be done to prepare them properly for the Secretary's actioa function which I had to perform in various capacities on papers drafted by my wife.

Q: Ah ha. It wins one no friends when you send them back.

REINSTEIN: Well, I obviously was very severe in dealing with her.

Q: [laughs]

REINSTEIN: Acheson was sometimes a very difficult person to deal with.

Q: I wanted to ask you if you would sketch him for us.

REINSTEIN: Well, he'd call me in and he'd have a paper of some kind or a letter of some kind and he'd say, "Jacques, I don't like this." And I would say, "Well, Dean, what is it that you don't like?" and sometimes it was extremely difficult to get an answer from him as to exactly what his precise objections were so I could go back to the original office and tell them, "Please rewrite the letter because Mr. Acheson does not agree with some of the context."

When we got into the war there were a number of other assistants in the office, one of whom became a very close friend of minDonald Hiss, the brother of Alger. A very wonderful guy; he was a lawyer too, about whom no questions were ever raised, to my knowledge. Most of the fellows that Acheson brought in and had working for him in that early war period were all lawyers. I was about the only non lawyer in the office. At that stage there was a kind of common complaint among these legal people that it was very difficult to get a decision out of Acheson. It was a fairly common complaint that he was not decisive. Now, that changed; when he became Secretary he was much more decisive. Becoming Secretary changed him radically.

Q: He had a President who backed him fully when he was Secretary and he didn't have to look over his shoulders probably.

REINSTEIN: Well, I think this was initially an intellectual thing, I'm sure. The job, in a sense, makes the man. That might apply to the present president. When you suddenly find yourself in the catbird seat, you've got to make the decision; you cannot pass it on. The logic of events changes people. It forces them to consider all the aspects that bear on a particular problem. You can be an advocate in lower positions but when you get up to the level where you really have to make the decisions, you cannot be just an advocate; you have to take everything into account.

Q: And some men don't measure up to that.

REINSTEIN: That may well be so. When we come later to Mr. Truman, Mr. Truman, I thought, was absolutely wonderful in that respect. When we get around to it I'll give you my first exposure to him.

Q: Well now, let's go back to Acheson. Did he have much influence in the Department at that time and around Washington? How was he regarded there?

REINSTEIN: At this point I can't say. I'm not sure. I don't remember the accounts of how he happened to wind up in the State Department in a job which was more or less similar to the one he'd had in the Treasury in the early New Deal. I think you'll find that in his books.

Q: And you will. The President invited him back after they'd had a difference when he was at Treasury.

REINSTEIN: That's right. I did read that not that long ago but it sort of slips my mind why. He was rather reluctant to come into the department. He was uncertain about his relations with Roosevelt and I'm not sure how much influence he had at the very beginning. His influence grew. His influence grew with his exposure to events.

Oh, one thing I think I can say that is very interesting; he had very little confidence in the staff at the beginning, very little confidence. He brought in a series of assistants from the outside, lawyers mainly, to whom he looked for specific problems. Bernie Melts or Eddie Miller, Donald Hiss. I'm not sure where Don came from. In the war he got into a lot of issues in which he'd been developing responsibility; that is the war generated economic issues, of which there were several kinds: the ones like the economic warfare type things that were involved in our restrictions of trade with Japan, for example, of which I talked about before. And then we were responsible for, and his office was involved, in the problems of products in short supply which we were trying to stockpile and build up our resources against the possibility of being involved in war. And then the problems of a different character where the war created surpluses and those also came under his jurisdiction. They enlarged the jurisdiction that Acheson had and his responsibilities. And of course as the situation developed you had the creation of new agencies. The Lend-Lease act of course gave rise to the Lend-Lease administration undewas it Rockefeller originally?

Q: Well he came in the Department in the mid or early '40s.

REINSTEIN: No, it wasn't Rockefeller. Rockefeller had a special responsibility for Latin America. I'm trying to remember who ran the Lend-Lease administration. A fellow who later was in charge of the Marshall Plan.

Q: Hoffman?

REINSTEIN: No.

Q: Hoffman and Harriman; they were the big men in the Marshall Plan.

REINSTEIN: It may have been Hoffman. I can't remember who was in charge. Then there was the administrator of export controls. The control of exports of munitions and related goods had been placed under the control of the State Department back in the '30s. It was under the responsibility ol can't remember his namwho had a close relationship with Mr. Hull. He made a mess of it. This is what was known as a red, white and blue licensit was known as that later and still is, I think. He made such a mess of it that they put Charlie Yost in as assistant chief in the division to try and straighten the thing out and make some sense of it. He was hired using trade agreements funds that I claimed earlier that I suddenly found I had this employee named Charles Yost who didn't work for me at all. [laughs] The handling of these export licenses from military matters really became fairly important at this point and they set up an office to deal with it under, I think, General Maxwell, the Office of Export Control. They had set up this office to administer export controls under General Maxwell, which removed it from the direct influence of the State Department.

Q: Excuse me, where was this export control office? Was that under the White House? In the War Department or at State?

REINSTEIN: No, it was an independent agency.

Q: An independent agency.

REINSTEIN: An independent agency. You had the Lend-Lease administration, which was an independent agency; export control; there were other wartime functions exerted by other offices. What we discovered through our connections was that they had worked out an executive order, which was about to be issued, which put these all into one organization. Its eventual namit went through several stages and at one point I became involved and I will explain. The final name was the Foreign Economic Administration, FEA. What happened was that this was all done by the bureau of the budget without consulting around to obtain agency views, and particularly the State Department views; Don Hiss and I went in to see Dean Acheson to inform him of this high-handed action being taken by the bureau of the budget behind our backs and we expected him to be outraged. Instead, he laughed uproariously when we told him about this, which surprised us. He finally stopped laughing and said, "General Maxwell was in here last Friday complaining to me about how he was treated by the State Department and he didn't know he was out of a job." Acheson was apparently not bothered by the fact that this was all done behind the backs of the State Department and apparently with the result of taking matters out of the influence of the Department.

You asked me about Acheson and that's one comment. Do you want to pursue this now further?

Q: I only want to ask you one final question. Could you, at that time, foresee him as a future Secretary of State?

REINSTEIN: No, because I had a feeling he was somewhat indecisive. No, it never occurred to me that he would be secretary of state.

Q: After your tour with him you moved in 1943 to the foreign trade control division. Can you tell us a little bit about that?

REINSTEIN: What happened was that a whole series of functions were run out by people attached to Acheson. For instance, you had asked about what happened when the war broke out, what happened at the time of Pearl Harbor. I heard about Pearl Harbor that Sunday afternoon. It was our custom to listen to the New York Philharmonic which had a radio broadcast that was sponsored at three o'clock Sunday afternoon, and about seven minutes after three they broke in with the announcement that Pearl Harbor had been bombed by the Japanese.

I did not go down to the State Department. I remembered that really nothing had happened when the war broke out. I assumed there would be a great deal of milling around and things of that kind, people discussing what should be done but probably not making any significant decisions. So I didn't go in. We had a cocktail party that I attended later in the afternoon and those who were in the Reserves and expected to be called up were wearing their uniforms at that occasion. In point of fact, when I went in the next day I discovered that I had been right; there had been a lot of milling around and raising questions about what should be done. One of the things that happened was that I looked up the Trading with the Enemy Act of 1917 and found that the Secretary of State was responsible for travel by enemy aliens on U.S. vessels and they raised questions with the attorney general asking whether this provision of law was still in effect and whether they included a delegation of power to the Secretary of State to administer it; and also whether the term "vessels" could be construed to cover aircraft. In the hustle and bustle of that day that got an answer that if the Department wished to take the position that these things were in effect, the Department of Justice would support that provision and therefore State wound up with the responsibility for handling these matters.

What I discovered was that I had been allocated responsibility for taking care of this and so we immediately made public the requirement that licenses be obtained by people of enemy nationality to travel on American vessels, including aircraft. Well, this had an interesting effect. It just so happened that at that point in the year the leading singers in the opera in New York made tours of Latin America and this required that they get licenses to travel around on American aircraft; and I found myself in the position of having to write up for signature by the Secretary of State licenses of various opera singers to travel around Latin America.

Q: Many of whom were German and Italian, I suspect.

REINSTEIN: They were particularly Italian. It turned out that they frequently made changes in their schedules. I had a terrible time writing up these licenses and then sending them to Mr. Hull for signature, and screaming my head off that the department issue some order delegating this responsibility to some appropriate office and not leave it to the Office of the Assistant Secretary for Economic Affairs and the Secretary of State to do that. I had an interesting time. It was one of those things that caused me to agree with one of my colleagues, Walter Sarry, that we would write a book called Economic Warfare is the Bunk. This was to be the first of a series of books on wartime controls. [laughs] They didn't make sense and were ineffective. Anyhow, that was one of the minor annoyances of getting into war.

Q: Now what about this foreign funds control division?

REINSTEIN: Berle got into this to some extent. I think Acheson established the position that he was the person that would deal with the Treasury. We had a series of issues of one kind or another in the application of these controls. I should add the government reserved controls exercised by the Treasury under Section 5B, I think it was, under the Trading with the Enemy Act of 1917. But also the operation of the alien property custodian, who was an independent agent, Leo Crowley. We were getting into difficulties with the Treasury over companies which were nominally independent located in the neutral countries but were in fact enemy-owned. We moved in and took control of them, at least under the jurisdiction of the Treasury.

Q: I presume in Switzerland and in Sweden and countries like that.

REINSTEIN: That is correct.

These matters were handled by a series of people in Acheson's office and they got to be too numerous and there wasn't space enough to deal with it; and they set up what was called the foreign funds control division. Its main function was to deal with the Treasury on the operation of the Treasury control. It also dealt with the alien property custodian's office and the head of it was Donald Hiss, brother of Alger. I was asked to be an assistant chief and to give particular attention to the administrative and substantive to European questions and to serve as administrative officer. This was a promotion and I gladly accepted it.

Now, our relations with the Treasury in the early war years started out to be quite different. The Treasury office was run by mainly a bunch of lawyers. I don't know whether it was under the direct supervision of Harry Dexter White, who was in charge of international affairs, but if it wasn't, it operated in very close contact with White's office. And we had a number of very contentious issues that we dealt with; I can't remember what they were.

Q: I wanted to ask yotalking about enemy assetdid that include the assets in occupied countries like Norway and the Netherlands and so forth?

REINSTEIN: Those were under the freezing controls. You see, at the time of the invasion of these countries, the assets of those countries were frozen to prevent them falling into the hands of the Germans and the Italians initially. There was one additional control which was operated by the State Department, which I think is worth mentioning, which I think originated at the time of the invasion of Yugoslavia by the Germans, which I think was earlier than the invasion of the low countries.

Q: No, it was after. It was April of '41. The low countries was in '40.

REINSTEIN: Well, they had applied the freezing controls, as they were called, the need for getting licenses to the assets of the countries which were invaded, initially Norway then the low countries and then eventually France. Then the freezing orders were extended to Germany, Italy and Japan in June of 1941. The State Department came into the controls in an interesting way; I think as a result of the Yugoslav case. When there was concern by the New York financial community that the Germans would get control of Yugoslav assets and they would be confronted with the decision of whose orders to take, and they rushed through Congress a piece of legislation which specified that if a bank relied on a certification by the Secretary of State as to who was the effective recognized authorities of the government and of the central bank of a particular country, that no action could be taken against the bank for having acted improperly. The banks loved that of course because it protected them completely. And it made sense because it fitted into the historic role of the Department in determining who was legitimate, who the government authorities of a particular country were.

Q: Well in Yugoslavia it was the Germans after they took over.

REINSTEIN: The point was to exclude the Germans. It was the Yugoslavs who fled.

Q: Ah, the government is in exile then.

REINSTEIN: Well of course the Yugoslav government collapsed at some point. The other governments were the governments in exile. In effect the use of those assets was supervised rather narrowly and they weren't allowed to spend more than was necessary to maintain themselves because at that point we had no idea who would emerge and be regarded as a legitimate government at the end of the war. So we were taking the assets and protecting ourselves politically by keeping expenditures at a low level. We developed ideas on this and I'll come to it. At any rate, you get into significant political issues in the operation of the license and control, and the foreign funds control division was the operating division to deal with the Treasury and ensure that the foreign relations aspect of the controls were taken into account.

The Treasury was an extraordinarily difficult office to deal with. When they turned down an application for a license, the only reason ever given was that it was counter to the policy of the Treasury Department. They never would explain why they did anything. There was an entertaining cartoon which the Treasury found in one of the files of one of the firms it investigated, the file of the firm on dealing with the Treasury. It showed a marvelous cartoothis might've been in the New Yorker originallwhich showed a little fellow sitting meekly in front of a desk and a large man behind it saying, "I tell you there's no reason for it. It's just our policy." [laughs]

Q: [laughs]

REINSTEIN: We had plenty of business with the Treasury in that.

Q: You must've had a great deal of correspondence from the public too because there were thousands of investors and others who were worried about their funds and what was going to happen to them, I suppose. Probably congressional interest too.

REINSTEIN: I don't remember that we got very much. The State Department still had an interest in the protection of American investments but it couldn't really exercise that effectively, except in the neutral countries. Of course the American investors dealt directly with the Treasury for the most part. They did not deal with the State Department. They did come to the State Department. I remember a conversation which Dean Acheson had with the Franco-American banking corporation, the vice president of the corporation. He came down to consult about their investments in the heart of France controlled by the Vichy government. I sat in to make notes on the conversation and at the end of the conversation the New York banking officer said he had another question. He wasn't sure whether to ask it because it was a moral question. Acheson said, "Well go ahead and ask it." The question was whether the bank would be justified in taking certain risks, and I thought to myself, well, this is wonderfua New York banker asking the assistant secretary of state a moral question. And the nature of the moral question was a banker's idea of what constitutes a moral question.

Q: What do bankers do every day?

REINSTEIN: [laughs] The issues that came up on the policy committee were really, on the whole, quite odd. I remember two; one involved whether to take over houses of prostitution run by Japanese somewhere on the west coast. Why this went to the level of a policy committee I couldn't understand. If I wanted to say anything or offer advice I was quite free to do it. Another case I remember was they came onto assets which had been left in estates for the support of Jewish cemeteries in Berlin and the question came up as to whether they should seize them as German assets. I told them it was ridiculous to take these assets. All I had to do was say no, you shouldn't do it, and they didn't do it. I sat in quite regularly for a while on the policy committee.

In doing this kind of thing it was just a reaction to specific issues and the issues were kind of sometimes odd. One of the odd issues that I ran onto was that we had established a black list of firms considered to be acting under enemy control or direction. The list was basically taken from the British blacklist.

Q: These are firms in countries all over the world?

REINSTEIN: Well, mainly Latin America. For instance, we didn't chase the British controlled areas, we expected the British to do that. The British had their own blacklist and the initial list, which was called the "Proclaimed List of Certain Blocked Nationals." That was the official name of the American blacklist. If you had to deal with any of these firms you had to get a license from the Treasury. The degree to which they were sensible was never very clear. I sometimes thought that the British had just gone down the telephone books and if anybody had a German name they put him on the blacklist. The Germans in particular countries were a real menace.

As a matter of fact, it can be fairly said that the Italians, the Germans and the Japanese had built up a very substantial economic base for carrying on economic warfare in the case of need against the United States, and against the British too in Latin America. It was stronger in some countries than others. It was very strong in Argentina. It was very strong in some of the Central American countries where the coffee farms were operated by Germans who had been in that business for a long time but would maintain their ties with Germany. They maintained them to the extent that wheyou may recall that at various times Hitler would have a referendum on somethinthe people with German consent would get on a boat and go beyond the three-mile limit and vote in the referendum. So the fact that there were extensive networks of German supportive organizations is beyond doubt. And that they were financing the hostile activities in those countries was beyond doubt. We initially had to rely on the British blacklist to identify people. But we began aggressivell mean this was our backyard and very much more of a menace to us than it was to the British and so we moved in on that rather energetically.

Q: How about Mexico and Cuba, our near neighbors? Were they involved?

REINSTEIN: Mexico and Cuba were involved and there were firms in those countries that were blacklisted, yes.

Q: Chile was involved, I think, too.

REINSTEIN: Chile was involved to a very significant extent. In Chile and Argentina and Brazil the influence of the enemy countries on economic interests was substantial. So were the British interests, of course. The British had been major investors in Argentina in particular. They owned the street railway company in Buenos Aires, as I remember, and they had been involved in the economic development in these countries.

We moved in rather aggressively. Some aspects of what we were doing in the wartime period was put under the board of economic warfare. There were so many changes in the organization.

Q: That was an independent agency, wasn't it?

REINSTEIN: That was an independent agency but at one point they created a super agency directly responsible to the White House and I was transferred to that. Its functions were placed in that office by definition of functions performed by other agencies. In some cases they just took over the whole agency nominally. I was involved in that. It was a curious time in terms of the administration of affairs within the department because Donald Hiss eventually reached the conclusion that the Division of Foreign Funds Control didn't make sense. It had disparate functions which would be more effectively carried out by putting them in other parts of the department, particularly some of the functions I had been involved in. They were destined to be resumed in a way of development of an economic administration of wartime problems under Thomas K. Finletter. The division was abolished by departmental order and the functions transferred.

Well, Finletter didn't want my functions so I was left in the odd position of having had my job abolished but the functions that were there were not received by this essential organization. What happened was I continued to sit in the same place. Incidentally the office I occupied was the office which had been occupied by my uncle-in-law, Coert duBois, when he was director-in-chief of the visa division. And on my desk was a push button that I could push buttons and bells would ring all over the place, identified by various functions of the visa division, I could ring for somebody but they wouldn't necessarily respond. I only remember using those buttons once. I had been in a meeting and I came in and my secretary had gone home and I found what appeared to be some negotiable instruments of a kind that I did not recognize, and since I studied financas a matter of fact, I did not say that I had done graduate work in international finance at American University under the chief of the financial division of the Bureau of Foreign Commerce; a gentleman who created the first balance of payments and figures that the United States government had. It's a strain on the imagination to think that in the '30s, after a great deal of financial turmoil, the United States had no fix on its balance of payments and had none until they were created by this particular man.

I had a wonderful time studying that because he was a good teacher, a distinguished financial economist. American University used to have a downtown campus where they gave graduate courses in the area where George Washington University now operates. It was just at the time of the negotiations leading to the end of the gold bloc. I've mentioned before that the Division of Communications and Records would follow the liberal policy of distributing telegrams all over the department, so telegrams coming in eyes-only for the Secretary of the Treasury would get sent all over the State Department, and in the case of the Trade Agreements Division those tended to land on my desk. At the very time that I was studying international finance I was also able to read what was going on in the way of financial negotiations leading to the eventual dissolution of the gold bloc.

Q: Very fortunate indeed then.

REINSTEIN: Very fortunate. Anyhow, I'm trying to remember what brought me to mentioning the financial issues.

Q: Oh, you were talking about being stuck with a function even though your position had been abolished. Somebody had to do the work.

REINSTEIN: [laughs] What I did was first I established an office in a space that had been allotted to this new agency, which happened to be in the very building I had occupied when I was working at the National Recovery Administration; the Lyndon Building which is now at the very end of the complex of buildings occupied by the Washington Post on L Street, originally an apartment house and the faï¿½ade of the building has been redone but the inside is still the same. When I established an office there I must say I was rather in a lonely position because nobody else came to occupy a position. I kept the position in the State Department and continued to operate there and I simply invented an office symbol for myself. We had been FF, Foreign Funds, and I simply put the office symbol XFF and the lady in the Office of Coordination and Review recognized and understood what our situation was; she passed my document so I could continue to operate in the area in which I'd been responsiblsigning telegrams and the likwithout having any legal authority for doing it. The telegrams continued to come in.

When they set up this super agency which was attached directly to the President collecting all wartime economic functions, I was swept up in that and I became a White House employee. I had some doubts as to whether this organization would continue, particularly since the part I was assigned to never seemed to have any personnel or do anything. So I continued to maintain a physical presence in the State Department and continued to exercise functions there, although technically without legal authority.

Q: You kept your memory warm there.

REINSTEIN: I kept my seat warm. [laughs]

Q: [laughs]

REINSTEIN: I was going to say, during that period at various times officers were assigned, particularly to Europe, to work on economic warfare matters or to work on related matters; and the Office of Foreign Service Personnel used to send them down to me for a briefing. I received on one occasion a young man whose name was Alexander Heard. Heard had been in Peru, I think, and he asked for permission to apply for a naval commission and it was turned down. He fussed about it.

Q: It was turned down by the Department then, presumably?

REINSTEIN: Yes, turned down by the Department. He fussed with them so they decided to do something for him. They would move him closer to the seat of action by giving him an assignment to Portugal. I received a telephone call from Foreign Service personnel because they sent this fellow down and for a day I saw him and briefed him to prepare him for his next job. Well, Heard proved to be from my hometown of Savannah, Georgia, and a classmate of my younger brother. So naturally, if you know anything about Savannah, Georgia, Savannah, Georgia at that time was like a clannish place and everybody knew everybody else and was connected with everybody else. They all went to school together. So when Heard appeared I sensed two things: one was that he was a very bright young fellow and I thought that I could glom onto him and use him in Portugal because we were developing - and this is something that I left out - our own Foreign Service for the conduct of economic warfare; I thought I'd go back and fill that in.

But then when he told me that he'd been turned down, I said to him, "They can't do that. If you want to serve in the Armed Forces you have a right to be excused from duty from the State Department. They have absolutely no legal right to prevent you from doing that. I'll tell you how to get out of this, but it'll take a little time." So I called up the Foreign Service personnel and I said, "Well this is a very able young man. I think if you left him here for a couple of weeks I could use him in my work and I can give him a much more effective filling in so that he would be more effective in Portugal." So they said okay. [laughs] I don't know what standards they used for dealing with personnel problems that didn't reflect great credit on them. Anyhow, I used the young Heard in the office and I helped him write a proper letter asking for permission to be relieved of his assignment to the Foreign Service so that he could serve in the military and when they went througl don't know whether Heard's name rings a bell with you, but he later worked at the University of North Carolina, Chapel Hill, on a series of major studies of Southern politics undel can't remember who the head of it was, a very distinguished fellow.

Q: But he got his naval commission then?

REINSTEIN: He got his naval commission and he later went on to become chancellor of Vanderbilt University.

Q: Oh! Hurd?

REINSTEIN: Heard. Alexander C. Heard, I think. A very distinguished scholar and he has written a very interesting book called?

Q: Did he come back to the Foreign Service after the navy or not?

REINSTEIN: No, he went into academia.

Q: He went academic, yes.

REINSTEIN: As I say, studying a case that involved a very interesting series of studies that involved Southern political issues where the South waas it was when I was younsomething of a sub nation. You were an American but you were also a Southerner. Well I think I said earlier, I was the only Southerner in my class at Georgetown. Being a Southerner, at least in those days, gives you a special set of feelings and ways of looking at the United States.

My idea that this super organization attached to the White House would not last turned out to be correct so I asked to be returned to the State Department. The thing that I remember is that I couldn't be assigned back to my old job. It had to be handled as a new appointment so I was hired by the State Department as a new employee. My personnel record therefore indicated that, if examined carefully, I had served in the White House and then returned to the Department.

Q: You had ten years in the State Department before. Well, I won't argue whether it makes sense or not.

REINSTEIN: Well, if you ask whether something or other in the government makes sense, the answer is it does if it works.

Q: Yes, if it works. So where did they put you when they brought you back?

REINSTEIN: Well, at about that time I thinnow one of the things we've left out of this locale is the ideas developed in the Foreign Funds Control Division of mobilizing the assets of the occupied countries for reconstruction. The British, at the time of the invasion of the low countries, were concerned about their assets falling under German control and they persuaded the occupied countries, the governments in exile, to issue decree laws taking possession of the foreign assets of their nationals so that they were asserting ownership rights with respect to the assets of their nationals in their countries in opposition to any claim that might be made by the Germans to control it. This was an aspect of British wartime controls for which our freezing controls were a counterpart.

The Dutch government decided that they would like to in effect exercise this control and I guess they went to the British because they must've talked to the British about it. They came to us and they wanted us to issue orders in effect giving them the right to dispose of these assets which we had frozen under our controls. Well, this turned out to be a matter of continuing discussion with the Netherlands embassy in Washington who had an economic minister whose name was Mullencamp and who pursued this subject with me, in particular, over a period of time. In the Foreign Funds Control Division we were really basically only reacting to issues presented to us which didn't particularly interest us intellectually. We came up with the idea of mobilizing a planning committee for relief and reconstruction to supplement the move toward the provision of UNRA, the United Nations Reconstruction Administration, of which former Governor Herbert Lehman of New York was made head.

It became clear that it was going to be necessary to provide economic assistance to these countries and it had to be planned for. It occurred to us that it would be a good idea to get into a position where these assets could be mobilized for reconstruction purposes. And we came up with a plan for bringing the assets, nominally at least, under the control of the governments in exile. We did not intend to allow them to exercise their control because we were uncertain as to what kind of reception they would get when we kicked the Germans out of those countries, whether they would be received by their countrymen and accepted as their governments or not. So we'd commit ourselves politically but it seemed to us maybe it was a good idea to create a mechanism for mobilizing these assets which for foreign investments in the United States were quite significant. Either they could be used as a basis for loans or maybe, if necessary, sold, putting it nominally under control of the exiled governments, but reserving our political right to decide ultimately which governmental organization we would deal with, depending on what happened.

We developed a plan and we knew that this would irritate the Treasury because it would cut into their controls, but we thought this made economic sense. We developed a plan in some detail and we went to the Treasury to lay the plan out. Well, they hit the ceiling. They hit the ceiling. We had in our division a relatively newcomer, a fellow lawyer from Ohio named William Hall, and he wrote up an account that was more or less literally accurate of what happened. The head of foreign funds control, in the voice of a trumpeting elephant, denounced the State Department representatives as agents of foreign governments and of bringing in the Myrmidonremember the Myrmidons? They worked with Achilles. Well, it was the Myrmidons who did it after him. Achilles didn't do it himself. He got these little agents to do him in. Anyhow, he referred to the fellows who sat around making supportive noises and so on as Mr. Paley's Myrmidons and the final sentence of his account of the meeting was, "As a parting gesture of goodwill, one of Mr. Paley's Myrmidons trod on Mr. Hull's toe."

Q: [laughs]

REINSTEIN: Anyhow, Treasury wouldn't buy. This was one of the things that led Donald Hiss to the conclusion that the existence of that division, as a division, really didn't particularly make a great deal of sense. That's the only case I can ever account in the government where an organization committed suicide. [laughs] Usually they just hang on to reasons for continued existence.

Q: Or they're shoved off a cliff.

REINSTEIN: FF committed suicide.

Q: So you came back on White House and?

REINSTEIN: At that point they had set up a division called the Liberated Areas Division.

Q: This would've been 1943?

REINSTEIN: Yes, I guess probably in '43.

Liberated Areas was under Tom Finletter. Tom Finletter was made a kind of super chief of all the wartime activities under Dean Acheson. And Finletter was an all-action man. [laughs] My first contact with him I think was during the period earlier when in order to get tin and rubber from Malaya we had to use our controls to take the vessels engaged in the sugar trade in the Philippines away from that and assign them to bringing in these strategic materials.

Q: This would've been before Pearl Harbor then?

REINSTEIN: This was before Pearl Harbor. After Pearl Harbor we didn't have much control over the Philippines. [laughs]

Anyhow, I remember being in a meeting with Finletter and we got him to concentrate on the fact that the Philippines would be in real economic trouble as a result of his activities. Well, Finletter called in the secretary and prepared a memorandum to go to the Secretary of State or to the President about this problem and we explained what we were doing and then said this will be an enormous blow to the Philippines and he said, "Fill in the figures," and he had a suggestion that instead of sugar the Philippines produce the following commodities. And he said, "Fill that in." [laughs] That is an instruction I never carried out. As I say, Finletter was a man of action.

Q: [laughs] But you take the action.

REINSTEIN: Finletter really took a hand to see that things got done. At this particular point, the issue of providing civilian supplies to areas which came under allied occupation, or reoccupation and liberation, became a practical matter.

Q: France, Belgium and countries like that?

REINSTEIN: Yes.

Q: Italy?

REINSTEIN: The issue came up really first in Italy because that was the first. Well, it did not arise significantly in North Africa, to my recollection. I'm not sure why. What happened was that North Africa was such a theater of military action that it fell under the responsibility of the military authorities to provide aid to the civilian population, a principle which at some point identified the supplies necessary to prevent disease and unrest which create a threat to the military from the population in the area. And it just sort of became cut down to disease and unrest. There was where the 1360 calories came in; that was the level considered to be necessary in Germany for the average consumer. This didn't emerge as a problem in North Africa, but after they invaded Italy and first got Sicily and southern Italy, feeding the civilian population became a major problem.

Q: And this was enemy territory.

REINSTEIN: It was enemy territory but you had to feed these people. It was regarded as a proper function. In Italy a curious situation developed. At first it was done only in allied military occupation, then for political reasons they decided to recognize the kingdom, the royal government, so there was an area down at the boot which they turned back to the Italians to administer. There was Sicily; then there was at some point Sardinia; and then there was all of the parts of the Italian mainland. We had more and more civilians coming under our effective control who had to be fed and the army objected to having a continued responsibility except for the population behind the lines.

There were two kinds of problems that arose. One was howe were in this with the British and the Canadians and there were all the forces in Italy, of course, in the Eighth Army, the British. Did you know there was a Brazilian division there? People forget that Brazil actually fought in the war. They provided a division. At the point in which I came in collision with the Soviets later when they wanted to kill Brazil for any consideration of the peace treaty and I said, "These people participated in the war. They have a right to be heard." The French had a not insignificant presence. As a matter of fact, when they finally brokl forget what line it was calleup in the mountains, it was the French troops?

Q: I think it was the Kesselring Line.

REINSTEIN: It may have been. Anyhow, the breakthrough took place on the British area and the French divisionplayed a significant role in the breakthrough. But people forget a lot of things like that.

Q: Well, at Monte Cassino were the Poles, the Indians and the New Zealanders who finally took the monastery on that mountain.

REINSTEIN: That may have been sent in for political reasons.

Q: Well it was after we had softened it up by heavy bombing.

REINSTEIN: They ridiculously destroyed it.

Q: You're right. There were a number of countries that had contingents there.

REINSTEIN: Yes, I think if you will review the names of those countries at least two of them were heavily Catholic. Poland.

Q: Yes.

REINSTEIN: We were really running into a major problem.

Q: The British had no extra food to feed the Italians with, did they? We had to do it for some reason.

REINSTEIN: There were the commonwealth countries.

Q: The Australians and Canadians could do something, yes.

REINSTEIN: Well the Canadians were direct participants. The Australians and the New Zealanders were participants in the military activities but they had no responsibility for providing for the civilian population. This was poisoning the procurement side becausit was not only Italy, I think it was Greece as welthey began looking at where these things were coming from and what the financial obligations were of supplying them. And the head of the Liberated Areas Division, who came from a New York firm, and came up with the most ingenious solution to the problem, that we would recover as much as we could and that what we couldn't recover, the losses would be divided between the Americans, the British and the Canadians with an agreed formula. The Canadians took fifteen percent; the United States took the major part.

Q: You mentioned "recover what we could;" does this mean by using Italian assets?

REINSTEIN: No. What we did at one stage, I remember, was we told all the governments whose territories were being liberated that we expected them to pay for the supplies and we'd worked out a standard note with the British and Canadians. On the same day, I think, we each called in the representatives of those countries and handed them notes to the effect that we expected them to pay for these supplies. In some cases with a nod and a wink saying we're doing this to everybody. I remember we had to divide up responsibility for calling in the ambassadors and I think among the ones I was allocated was Greece and I said effectively to the ambassador, "We're giving these to everybody," meaning don't take it seriously.

Q: Presumably not the Poles who were the first victims though when we gave?

REINSTEIN: The Polish territory was not in our military responsibility. That was the responsibility of the Soviets. Anyhow, that was one of the things that we did. That removed this curse that affected the supplies because very often what you would do was load up a vessel intending to send it to one place then it would be diverted to another country for military reasons or some other reason the supplies would be needed there. If you started looking at the possibility of repayment that just followed up the procurement and the shipping decisions, and this formula cured that. I'm trying to remember the name of the Liberated Areas Division.

I was tossed into Liberated Areas because my functions seemed to fit there under Finletter more than anything else, although my boss didn't even take any interest in it at all. Although I did work on this plan that I've just mentioned, I got drawn in because I was identified as the financial man in the division.

Q: Did you have to coordinate this plan, Jacques, with the military, with the Pentagon, the overseas commands, or not? Because they were the ones who were controlling on the ground then. Or was it all done in Washington?

REINSTEIN: In the case of Italy what happened was eventually the problem became unmanageable. We found a temporary solution to that in the following way: when the military paid their forces, they used appropriated funds; but in fact, in these areas they wouldn't pay them in dollars; they paid them in the currency of the occupation.

Q: The occupation currency.

REINSTEIN: And when the military needed funds for that purpose, for pay purposes, they would draw on the Treasury. The Treasury would give them occupation currency but they appropriated funds for replacement in a special fund in the Treasury for the ultimate disposition at the end of the war. A soldier could get dollars. He could, for example, take his pay in francs or marks, or whatever it was, and go to the paymaster and send a money order back home, converting money into dollars. That proved to be a wonderful source for corruption in two ways because potentially they would sell their cigarettes, which would cost them very little, on the black market and they would normally get what was the local currency that had been issued by the previous government of the occupied area. They would then change those into occupation currency and then go to a paymaster and send the money back home. There was built-in corruption in the system. I remember pleas that I and the Treasury representative made at the Pentagon, begging the Pentagon, to clamp down on the black market and getting an absolute, "No, we can't do it."

Q: Troop morale.

REINSTEIN: Troop morale.

Q: I remember it well.

REINSTEIN: What happened somewhere around that point is that I got thrown into the handling of the operational questions in the military. There was a committee at a sub-cabinet level to handle this which was called the Ad Hoc Committee on Fiscal Planning, the members of which were the Undersecretary of the Treasury, Daniel Bell. Bell was the top civil servant in the U.S. government. He was a man who was immensely respected. He held the highest position in the government held by any civilian, a civil servant.

Q: With a pay of about ten thousand dollars a year.

REINSTEIN: It may have been a little bit more. Well not much more because I remember at one point, a little bit later when Willard Thorpe was assistant secretary of state, I was getting a couple hundred dollars more than he was. It didn't last long.

Anyhow, I got involved and, as I say, there was a steering committee, a policy committee, which rejoiced in this curious name of the Ad Hoc Committee on Fiscal Planning. I never did find out how it got that name. It, in a sense, was what should have been the financial subcommittee of the American side of the combined civil affairs committee which was under the combined chiefs of staff. My guess is that it was done differently because of the Canadians' dispassion. The Canadians were not interested to combine boards, to combine command. This had to be handled differently.

The State Department representative on this was James Clement Dunn, who at that poinwell, they had taken the geographic divisions and made the chiefs of the divisions political advisors to the Secretary of State, leaving the assistant chief the division chief.

The Treasury representative was Daniel Bell, the undersecretary. The War Department representative was John J. McCloy, and the State Department representative was James Clement Dunn who was the political advisor for Europe and somebody who was quite close to Mr. Hull. He had been the chief of the European division and the number two guy. The fellow who really did the work was H. Freeman Matthews, Doc Matthews, who actually stayed until eight o'clock or later every night and passed on all the telegrams and everything. It was rumored that Dunn never read any telegrams. People told him things. He had an uncanny sense of how to deal with people. and was consulted a great deal by Hull; at least this was the understanding in the Department.

For some reason or another I got involved in matters in which I had to report to Dunn. I think that went back as far as some of the North African operations. Incidentally, I was supposel had been tagged at one point to go to the embassy in London and work for Harry Hawkins and I waited for that call and it never came. Harry had told me when he went to London he wanted me to come there. One time after the North African invasion Don Hiss went to North Africa and poked around to see what was going on and found it was a significant Treasury representation but no representation from the economic side of the State Department. He thought he had arranged for me to go to North Africa. That never came. What did come was that at some poinwell, I had again applied for a naval reserve commission and I was turned down on physical grounds. Did I mention that before?

Q: No, not about this time.

REINSTEIN: At an earlier time I had never progressed that far. I really pursued my application on this case because I could see where the wind was blowing and the State Department was not going to get me deferred. The navy was still taking in officers at their comparable levels, so I would've gone into the navy as a lieutenant commander. The other prospect was being drafted and getting a pay of fifty dollars a month plus thirty-five dollars for my family. That would've been disastrous so I put in the application for the naval reserve thinking I'd get in to the financial side. I didn't make it because I had to see a psychiatrist and back when they were doing the reenactment of the extension of the Trade Agreements Act back in, I think 1940, they were expecting a major fight and Harry Hawkins had really mobilized most of the top staff of the Trade Agreements Division to work on the renewal of the act and I had been sort of given the task of running the normal functions of the division on taking over the review desk. All papers had to pass through me before going up the assistant secretary level.

This was the kind of function that I had. I had tended to be the fellow who had always had enough work and you could give him some more and so they gave me that job, which proved to be very demanding because I was really doing the work of a half a dozen people. I finished and I took time off and went back to Georgia for a rest and I was given by my doctor a mild sedative; and he never told me to stop, unfortunately, so I was still taking this medicine and the psychiatrist was a child psychiatrist. Anyhow, he thought that my taking the sedative was a sign of a lack of stability; that I wouldn't stand up to battle fatigue, and he turned me down for physical grounds. I tried to get him overruled but I just couldn't do it. So I was confronted with the prospect that I would be drafted, and in fact I was called up twice.

The first one they expected to need more fighting personnel in Europe and then at the last minute they decided they didn't want an old man over thirty; the second time when they were expecting heavy casualties in the attacks on the main Japanese islands and they called people up again. So I was called up twice. The first time when I was called up I told General Hilldring, who was the head of the civil affairs division, and he was the fellow in the War Department with whom I dealt; I was the State Department representative. The Treasury people tended to vary but I was the steady one at the State Department. And it didn't matter whether it was Europe or Far East. Somebody else coming in wouldn't know the background.

Q: And General Hilldring knew you so?

REINSTEIN: Yes, they knew me and they assumed that when I produced a position that was a State Department position and they could rely on it, but there were very few people in the State Department who took an interest in these matters, so my positions tended to be the State Department's position. Anyhow, I told Hilldring that I thought I might be drafted and he said, "Well, if you get drafted make sure you get assigned to the army and then let us know and we will pick you up, send you to Europe, and commission you from the ranks. At that point the army was no longer commissioning from civilian life; they were commissioning only from the ranks. Well, it wasn't all that attractive and then I'd go in as a second lieutenant, although I must say the promotions were very rapid. They must've been because I remember one of the fellows I worked with later who was a German by origin went in as a privathe had volunteereand wound up as a full colonel.

Q: That is quite unusual, but still...

REINSTEIN: When he first went in he had a sergeant who said, "Any of yous guys ever been in the army?" and Fritz put up his hand and he said he had served as an officer in the German army in the first war. "There's only one army," said the sergeant, "the America army. Has anybody here ever served in the America army?"

Q: [laughs]

REINSTEIN: Well, Fritz got to be a full colonel. There's an entertaining tale we might come to later about the armistice agreement and the drafting of the armistice agreement; Fritz claimed he drafted two armistice agreements, and they were virtually identical. We never could figure out why. It's an interesting point to come back to at the end of the war.

An awful lot of tricky political questions came up in the context of financial military planning. One reason being that you had to make your decisions far in advance. They involved the printing of money, which takes time; the printing of stamps. You don't think of that offhand but you have to produce stamps, affixing the exchange rate between the soldiers and the civilian population. So the complicated political decisions tended to arise in the financial field. To give you an example, let's take France and deal with France as a subject. In the case of France there was no government in exile at the time of the invasion of North Africa. We said that we had been dealing with the Vichy government, but the Vichy government really wasn't independent and we no longer recognized them. That raised a series of financial issues in Washington, I think.

Q: And did we allow then-General de Gaulle in London to control all of the French assets in this country?

REINSTEIN: No. This is what I'm coming to. The whole situation in regard to France and how we came to recognition of de Gaulle, and the degree of recognition, and some of the effects in France over a period of time. I think we have to take France as a subject and deal with it over a period, I guess prior to the North African invasion. De Gaulle, who had had the good fortune to be in Africa, to which I guess he had been exiled because his views on military matters didn't sit well with the higher officials, managed to be right about some things on the military side, particularly on the use of tanks. At any rate, he was in Senegal and after the fall of France he founded this French committee of national liberation which declared itself independent of Vichy, to which he got most of the French colonial authorities to rally, with the notable exceptions of an admiral who was in charge of the two main French islands in the Caribbean.

Q: That wasn't Darlan, was it?

REINSTEIN: No, he was in North Africa. That was another admiral. But he stayed on an islanwhat are the French possessions in?

Q: Guadeloupe and Martinique.

REINSTEIN: Guadeloupe and Martinique, yes. Well he had some military force there anyhow. He remained loyal to Vichy and those islands were blockaded and controlled; they were allowed only limited supplies and so on. He managed to remain nominally loyal to Vichy just under American thumb. There was a little bit of a slap at one point when the two French islands in the Gulf of St. Lawrence rallied to France.

Q: Miquelon and St. Pierre.

REINSTEIN: St. Pierre and Miquelon. The French desk officer at that time was Samuel Reber. Sam was entrusted with drafting a statement that would be given out to the public that we accepted this, and Sam slipped badly; he referred in this thing, which actually got out, to the "so-called French Committee on National Liberation." Well, that hit the fan. Of course we made great fun of it and around the place we called it the "so-called State Department."

Q: [laughs]

REINSTEIN: Anyhow, Sam really got his fingers burned on that one. [laughs] But remember, we hadn't recognized de Gaulle in a way. De Gaulle in '44 moved to London and at that point a dispute came to a head between Roosevelt and Churchill on how to deal with de Gaulle. I have been tolalthough I don't know whether there's any written stuff on this at all, but it makes sensthat Roosevelt's reluctance to deal with de Gaulle had two bases; one was that as a young man Roosevelt was in France at the time of the plot to overthrow the third republic in the 1880s by?

Q: Boulonger.

REINSTEIN: Boulonger. The man on horseback. And that Roosevelt had been there and he'd seen this. This second thing is that after the conference out in Iran, on the way back he had stopped in Morocco and he had met de Gaulle and he took an intense dislike to him as a person; he was an arrogant fellow and that would be quite easy.

Q: Two strong personalities.

REINSTEIN: Yes. Anyhow, Roosevelt took the position that he was against de Gaulle and he saiand this was a quote attributed to hithat he was not going to have a general imposed on the French people by American bayonets. And he would not deal with de Gaulle. The result was that unlike other areas, liberated or otherwise, there was civil affairs director for France because there could be no agreement between the British and ourselves on how it was to be governed.

The issue arose earlieas I said, these political issues tended to come up first in a financial contexin the printing of currency for France. In the case of governments in exile, they printed the currency. But there was no government in exile in the case of France and what did you put on the money? The U.S. wanted to say it was occupation money issued by the American occupation authority. I went over and over and over this stuff with Roosevelt and he said, "Well, why do you put anything on?" Well, the currency we printed for France violated just about every principle for paper money that I learned in class 102-A at Georgetown Foreign Service school which said you have to say who issued it and so on. There's a whole set of requirements. They actually came to the conclusion that that was the only way of doing it and they put on the currency only "Emise en France," issued in France.

Q: Yes.

REINSTEIN: No indication of who issued it.

Q: For almost a year I used that currency. Ten to one to the dollar. I remember it well. Small bills.

REINSTEIN: You're thinking of the government cards.

Q: No, France was the same thing.

REINSTEIN: France was ten to one?

Q: I'm pretty sure it was ten to one.

REINSTEIN: I can't remember.

Q: The French were indignant. Before the war it had been something like five francs to the dollar, you know.

REINSTEIN: At any rate, that had to be done months and months and months before the invasion.

At the time of the invasion some things happened in Europe of which the American government was completely unaware, and of which there is no written record, to my knowledge, and this can be a significant item in our account. The way things came to our attention was that after they had what the British thought was a secure beachheal forget the name of the town they had secured.

Q: Is it Caen, the British?

REINSTEIN: Caen, yes. After they captured that they thought they had a significant military presence there. Churchill thought it was be nice to let de Gaulle go over and visit, although he might've had afterthoughts.

Q: [laughs]

REINSTEIN: De Gaulle got there and he did two things: one was he appointed a regional commissioner for Normandy, thus asserting the right to govern, which had not been agreed on by the British and American governments; and second, in the speech he made he referred to the money that we were taking as counterfeit money. This is very amusing because the Treasury had been great supporters of de Gaulle until he made that speech. That turned them completely around. I never?[laughs]

Q: Biting the hand that feeds you, eh?

REINSTEIN: So they turned bitterly against de Gaulle?

Q: [laughs]

REINSTEIN: And I kept arguing with them, "Look, I mean, we have to deal with this fellow. He is there; there is nobody else to deal with as organized." I said to them we have to have something. In the midst of this there appeared in Washington General Julius Holmes. Holmes was a Foreign Service officer who was a brigadier at that point.

Q: He was a brigadier general.

REINSTEIN: And he was Eisenhower's J-5.

Q: Civil affairs.

REINSTEIN: And he came back to Washington and he told us what had been going on, of which the American government was completely unaware.

In preparation for the landings they were going to have all kinds of things on radio addressed to the French people and of course they wanted de Gaulle to go on. And de Gaulle said he would like to see what Eisenhower was going to say, so they sent him a text of the Eisenhower speech and several days went by. They got to the night beforI'm a little uncertain about the dates because we originally intended to land on the fifth; what happened on the fifth and what happened in between I'm not sure at which time it happened. At any rate, what they got back was a rewrite of Eisenhower's speech. The intermediary for de Gaulle was Duff Cooper. Duff Cooper went over to see de Gaulle and explain that these ideas were very useful. Unfortunately they had printed two million copies which they were going to drop on the French population and it wasn't feasible to change that at that late date. At first report de Gaulle refused to go on the air.

Q: Yes, I remember that.

REINSTEIN: You knew this?

Q: Yes, I read that, that he refused at first to go on the air.

REINSTEIN: He refused to go on the air. Well, the British cabinet sat up all night with Duff Cooper going in between the cabinet and de Gaulle and they finally persuaded de Gaulle to speak. We didn't know any of this. So this counterfeit money and the appointment of a regional commissioner hit us in the soft part and it raised a question as to what reaction were we going to take. This all fell somehow, because of it being money, and because there was no other appropriate committee, to the Ad Hoc Committee on Fiscal Planning. They didn't have a committee for dealing with these political issues. At that point we had a meeting of the principals of the committee and I guess what triggered it was all of a sudden a telegram appeared to the president from de Gaulle saying he would like to visit Washington and this telegram was bucked down to the ad hoc committee.

Q: Thanks. [laughs]

REINSTEIN: So we said, well, we can't refuse to have him come, so we prepared a response saying we'd be delighted to have him come; what would he like to talk about. The answer came back. Well he didn't really want to talk about anything. He just wanted to pay homage to the American war effort.

Q: [laughs]

REINSTEIN: Well that really put the bee on us. At that point we had a meeting of the main committee and we had to come to grips with this. I was the one that came up with the formula. I realized much, much lateyears latethat the reason why my formula worked was that I was the only person in that grouthere were a lot of lawyerwho had ever studied international law and who knew the difference between de jure and de facto recognition. And the formula which I drafted, which you can go back and look at now, recognizes the French Committee of National Liberation as the de facto authority in France, thus protecting the President's position on the ultimate recognition. They took it in. I did not get included in the group that went in to see the President. I went all the way up but when it got to that point I was not allowed in.

Q: You weren't an anteroom guest.

REINSTEIN: Anyhow, we got the President to agree to it and it was issued as a statement of the outcome of the discussion between the president and de Gaulle and put into a White House press release. That was the technique we used. When they had press releases the President always was open to questions and when the press started asking him questions he said, "We'll deal with anybody that comes up." [laughs] Which meant don't attach too much to this piece of paper; and we held our breaths for about forty-eight hours but nobody picked that up. There was no reaction then. So we now in effect recognized him as the de facto government.

Q: And de Gaulle actually came, did he?

REINSTEIN: De Gaulle came to Washington? Oh yes, yes indeed. We would not let him, however, use the French embassy.

Q: That would be your end. [laughs]

REINSTEIN: Yes, but he came the next yeain '45, in the summer, Augusand I remember that very painfully. By that time they were allowed to use the embassy and it was a hot summer day and my wife was six months pregnant or something like that and I had just gotten all my shots to go to London for the Council of Foreign Ministerand those were the days when they gave you a double something or other shot that made you woozy as the dickens; we didn't know which of us should lean on the other at that point; there was a line extended out on Kalorama Road practically to Connecticut Avenue and it was god awful hot.

Q: Did President Truman come to that reception for de Gaulle at the end of it?

REINSTEIN: I don't think so. Well, he obviously saw de Gaulle but probably at the White House. Yes, I'm sure it was at the White House.

Q: Are there any other problems with the French that you want to mention in this connection, or any of the other occupying areas that caused you particular difficulty?

REINSTEIN: Oh well, we had a great problem with the German currency. What happened was that this was all an occupation currency initialland the stampone of the things we had to do was to fix postal rates. There was an international convention going back to the 1880s or something like that on what postal rates should be and great attention was paid to that. As a matter of fact, the United States was still following that, I think. That convention fixed the rate for postcards. They were fixed in old gold francs and then converted to other currencies so that in the United States that came out as a penny for a postcard, two cents for domestic mail and five cents for foreign mail. The postcard stamp of course had to be green, the domestic mail had to be red and the international mail had to be blue.

Q: The stamps.

REINSTEIN: Yes. There was no accounting for the costs. Every country distributed every other country's mail free and so when we first bumped into this in Italy, at first we didn't let the Italians communicate with each other at all and when we had more and more Italians we had to let these people communicate with each other and send postcards and such saying Uncle Carlos is dead and so on.

Q: Oh certainly.

REINSTEIN: So we went back and looked at this convention and we fixed the postal rates and the colors of the stamps in accordance with allowing for exchange rate differences. We fixed it on the basis of the old procedure.

Q: Who decided whose picture goes on the stamp? You couldn't put Mussolini. How about the king? Did he go on there? How did they decide that?

REINSTEIN: I forget. It was probably issued by allied military authorities.

Q: You probably had a picture of an old Roman fascist on there.

REINSTEIN: I don't think so. No pictures at all.

Q: The French had a picture of something.

REINSTEIN: The denomination. That's the most important thing, the denomination.

Q: That's about the only thing.

REINSTEIN: At first we'd only let them use coupons, and then only in certain areas. You know, we had to read the mail for security purposes. The mail intercepts were very interesting.

Q: Yes, and you had large groups doing that too.

REINSTEIN: And sometimes there were intercepts that got very amusing and they were followed and passed around. I remember there was some lady in the United States who had a little boyfriend in Mexico and we wouldn't let?

You asked me about other areas where we had problems. One of them certainly was in connection with Germany, which turned out to be sort of an odd case. I think I started to say that initially the currencies were all printed by the Bureau of Engraving and Printing, but it got to be too much of a task for them; they couldn't handle it anymore. And so when it came to the German currency they had to go to the private sectobanknote companies who engaged in the printing of currency for export from the United States and they used to print currencies for Latin American countries. In the case of Germany we had to go to a German in Boston, whose name now escapes me, and we gave him a contract to print a very substantial amount of currency. At some point, as the war progressed, it occurred to people that we ought to ask the Soviets if they would like to have the same currency, which we did, and that seemed to be sensible, treating Germany as a whole. But they said they would wish to print the currency themselves and that seemed like a reasonable request. So we asked the company in Boston to provide us with the materials and they refused. They said it was contrary to the traditions and practices of the industry, that currency had to be printed in one place under very carefully controlled circumstances of temperature, humidity, use of paper, inall kinds of thingand if you didn't do that you risked creating an opportunity for counterfeiting because you would have currency circulating which looked different. We had to tell the Sovietl'm trying to remember who their ambassador was there during the war.

Q: Averell Harriman was there then.

REINSTEIN: No, the Soviet ambassador.

Q: Oh, the Soviet ambassador here.

REINSTEIN: He had a very high position.

Q: Yes, I've forgotten.

REINSTEIN: Gromyko.

Q: Yes, he was here at the end of the war; the last couple years of the war.

REINSTEIN: Well, I had to call Gromyko in and tell him that we couldn't supply them. He got very indignant. He said, "Well what is this idea that a private company is running policy?" He said, "We're not operating in competition with them or anything. This is absolutely outrageous." This reaction came from him. He apparently persuaded Moscow to agree to this, I suppose, and this put him in an unappetizing position. And he reacted, as I say, very strongly and this came back onto us and what the hell do we do about it. We found ourselves in quite a bind because while you could take over private property under the draft act, for some technical reason or other, this case didn't fit the draft act and we didn't have the legal authority to take over the plant and then just give it direction. Taking it over would've simply meant this is now owned by the United States government and here are your orders, and then go on.

Exactly how this was worked out I don't know because eventually the materialthe plates, the ink, the papewere all produced. In the process of discussing it we had the head of the Bureau of Engraving and Printing in. He was the fellow who told us you just couldn't do this. Anyhow, the stuff was given to the Soviets, we sent fourteen planes for the supplies. I guess they loaded it down here at what they now call Reagan Nationait was the military airport at that timand at the very last minute a truck roared uof course this was all done under careful supervision by the Treasury, and maybe the militarand they unloaded some of the stuff and put on a lot of whiskey and other supplies of that kind, which made us wonder how this was going to work out. In due course we received from the Soviets samples of their currency as they printed them, ready to be issued when they invaded Germany. We had the head of the Bureau of Engraving and Printing over and he looked at it and he said, "They're perfect." And they, in fact, circulated equally with our currency until ours was superseded during the currency reform.

Q: And yet how hard we fought them in 1948 not to give them the dyes in which we did the deutschmark.

REINSTEIN: Well we had a very good reason for that.

Q: Yes.

REINSTEIN: We had very good reason for that. I was in on that.

Q: Oh, I'm sure. That's another story.

REINSTEIN: That's another story.

Administratively I have to say that somewhere we were getting to the point where the Department set up the Office of Financial Entitlement Policy. It occurred to people that financial matters were being dealt with in, I believe, six different offices in the State Department, of which my operation in Liberated Areas was one. There was also a financial division and there were bits and pieces elsewhere.

Q: This would've been 1944, I believe.

REINSTEIN: Yes, and they decided to amalgamate all the financial things under one heading. Will Clayton may have been responsible for that; I don't know. But at any rate, they brought Emilio Collado over from the Treasury to head this up. There were three divisions in the office. There was the financial division, of which I was the assistant chief; there was lend-lease and the surplus property division; and there was a division which dealt with development policy issues. That would be the one that would eventually deal with the World Bank and organizations of that kind.

In this new division, as assistant chief I was responsible for the occupation functions which I had previously performel had brought those all with mand for Europe, European problems in general. European questions. That was a much broader assignment than I had before and you could get all kinds of issues.

One of the things was that we found the business of having to feed the civilian population an ever increasing burden. The people up top said, "What in the world are we doing spending all this money? Didn't we set up UNRRA to do this?" So they realized they didn't know what UNRRA was doing. So I don't know who it was, but some fairly high-level people from the three governmentthe U.S., British, and Canadiawent to see Governor Lehman and they said, "We know that technically we have no right to do this, but we are the three principal suppliers of your funds and we want to know how you're spending them. We want an accounting." I don't know whether Lehman objected because of his international position; anyhow, he agreed finally. And so we had a small committee of three: myself for the U.S., Colin Crowell of the British embassy who was then I guess second secretary, later British ambassador to the Uof course Sir Colin at that point. I was thinking of the Canadian; I wrote it dowthe top Canadian civil servant.

The three of us went up and began cross-examining the people in UNRRA. Well, the first answer was that they didn't know. They were sort of operating ad hoc and they had not put together any kind of comprehensive accounting or financial statements and we sat there and we cross-examined them and made them come up with the figures. It turned out to be a very healthy exercise for them and the conclusion we arrived at was, one, that what they were doing was sensible, and second, that the initial allocation of funds of two billion dollars was not adequate, and that another two billion was, or as close as we could get to that, was needed. We reported this to our respective governments. Every single person to whom I reported up the line disagreed with it. But I had a very interesting lesson. That didn't end it because being an international document it had to go farther up the line. So when somebody said No, that wasn't the final answer. And it went up the line until it got to the top coordinator of economic matters in the U.S. government, James F. Byrnes, and he approved it.

Q: He was the czar at that time.

REINSTEIN: Yes, he was the economic czar. The President had persuaded him to leave his job at the Supreme Court and take over that job, and he never went back to the court, of course. Nor did he get the vice presidential nomination which he thought he should've gotten instead of Truman.

I must say that made me feel good about James F. Byrnes, for whom I worked very closely later.

One of the things that we got into was that there was at that time a Foreign Economic Administration (FEA) which had gathered up a lot of thesLend-Lease and everything elsappropriations and their budget got into a mess. I got sent in to straighten out the work on the last budget on the FEA; to find out what they were doing and to come up with a recommendation on how to straighten out their budget. With the specific authority that we had, that's what we did.

My boss got pulled into the question of German reparations. They got a fellow, an oil guy. We agreed to set up a German reparations commission with the British and the Soviets and a substantial investment of personnel was made in that of really top-flight people. They went around and they inspected Germany; I don't know what they did but they used a lot of top-flight personnel, so that for the last six months of the wawell up to almost the beginning of Septembel was in charge of the financial division and had to deal with all the major policy issues that came up at the end of the war.

Q: Let me ask you a question. Did you get involved at all with the so-called "Morgenthau Plan" to agrarianize Germany?

REINSTEIN: Oh yes. You name something and I was in it some way.

The State Department had set up an organization for postwar planning. Initially it was one division and then under Leo Pasvolsky, who had been one of the main people at the Brookings Institution and came to the Department from Brookings. He had various assignments and one time he was connected with trade agreements but then he was independent and kind of an advisor. The decision was made to set up an organization to deal with postwar problems and they gave this to Pasvolsky and eventually the Department flipped between two divisions, one dealing with political and the other dealing with economic functions. The political division in which my brother-in-law John Campbell workehe was a Balkan expert coming down from Harvard, I guess where he had been workinthey did studies on where you should fix boundaries and they had interesting proposals for reviving the Austro-Hungarian empire as a central European federation. Somehow it didn't occur to them that maybe the Soviets would have ideas about how to organize things there.

Under the economic heading they were given the task of dealing with the reparations from Germany and also they threw into that the restoration of looted property, which somehow I had gotten into also. It was a loose end and it seemed to go with reparations. The reparations historically had been dealt with by financial people for a very simple reason: the financial people are the only people who look at the economat least they used to look at the economy of a country; if you go back, it's always the financial people who deal with reparations. Now, they set up this committee to make recommendations regarding German reparations and also what to do about looted property. This was sometime during ml don't know where I was, but I was put on this committee. I was the only person from the operating portion of the Department; all the rest of these people were academic people. The chairman was somebody from the economic department of the University of Wisconsin. I think his name was Blackwell or something like that. One of the members of the committee was Eleanor Dulles. Eleanor Dulles at some point wrote a paper which I thought was complete nonsense, proving that Germany could pay fifty billion dollars in reparations.

Q: She should've remembered World War I, I think, better than this.

REINSTEIN: One of the things that we all talked about was that we didn't want to make the same mistakes that we made in World War I. Eleanor Dulles was a very argumentative person.

Q: And she had been at Versailles with her brother. She went there for a while, for some months at Versailles.

REINSTEIN: Was she?

Q: Yes.

REINSTEIN: Which brother?

Q: Foster.

REINSTEIN: At that point her connections with Foster were not of any particular significance, I think, as far as the State Department is concerned. When she wrote this paper, which she then argued vigorously for, I wrote a memorandum of which I had a copy somewhere in my papers; talking, as I have, to people who write history, as I'm talking to you, I mentioned this paper and they went and found it. I wrote a memorandum disassociating myself from the work of the paper which was being produced by this committee, and saying I completely disagreed with it because what it proposed to do was to go back and make exactly the same mistakes that had been made after the First World War. I separately produced a policy paper on looted property, which I did get adopted as policy by the U.S. government, including how to deal with looted gold.

At that point there was a demand for some discussion on what was going to be done about this. And this paper which had been written by Eleanor was the only paper in existence. It was circulated in the Department and circulated interdepartmentally. It evoked a violent reaction in the Treasury, which wrote a counter paper which was known as the Morgenthau Plan.

Q: Oh that's how it came about.

REINSTEIN: That's how it came about. Eleanor Dulles can get credit for the Morgenthau Plan.

Q: [laughs]

REINSTEIN: One thing about the Morgenthau Plan: there are a lot of Germans, at least, who think the Morgenthau Plan was adopted and became American policy. It was never adopted. It never became American policy. It was ridiculed and destroyed by criticism. It was absolutely ridiculous because it proposed to turn Germany into an agricultural country and Germany, as I think I said earlier in connection with the Marshall Plan, was the machine shop of Europe. The idea that you could restore the European economy without Germany producing the necessary machinery was ridiculous.

Q: Jacques, we were talking previously about reparations, the Morgenthau Plan and so forth. What more can you tell us about your work in the financial division and with the people who were concerned with these matters?

REINSTEIN: I think I would like to identify a different subject which the policy originated in the same committee, and that was the restitution of looted property, particularly taken by the Germans, but also by the Italians.

Q: Did the Japanese loot any property in that regard?

REINSTEIN: I'm sure that the Japanese helped themselves to significant things in China but I was never involved in that. Apart from the planning for the currencies that we would use in the invasion of the Japanese main islands and Taiwan, I didn't have very much to do with the Far East and the war in the Pacific, with some exceptions. I don't remember exactly offhand what they were. Maybe they'll come back to me.

The committee headed by this professor from the University of Wisconsin, I think, dealt with the subject of German reparations and also was commissioned to deal with the restitution of looted property. Maybe it was not part of their initial commission and I introduced it as a subject matter. At any rate, we agreed to set up a separate subcommittee to deal with that, of which I was the chairman. I remember only that we had a very good lawyer who may have been from the legal division of the State Department. I developed a basic set of proposed policies.

Before we leave the subject of reparations, it occurs to me to comment on where that sort of fits into the American military planning. The basic directive for the American military, which was negotiated in Washington over a long period of time, was incorporated in a document which was identified as JCS1067, which went through probably somewhere between a hundred and two hundred drafts. It was designed to be the instructions on dealing with Germany on first entry into the country. It became a document which was used for the formulation of policy toward Germany at various times.

Q: Was the State Department involved in the formulation of 1067?

REINSTEIN: Oh heavens, yes. You see, as I mentioned before, in the context of finance the matters were dealt with by the War Departmenbasically the War Department, the State Department, and in certain matters the Treasury, which tended to stick its nose into all policy matters. And then you get into the Morgenthau Plan. There was very close coordination between State and War. We had committee meetings which involved other people. The Navy was always represented. I remember when we were discussing a directive for Austria there was a Navy fellow that was there all the time and I asked him what the navy's interest in Austria was. Were they planning to send submarines up the Danube or what?

Q: [laughs]

REINSTEIN: They faithfully attended all meetings. That's a bureaucratic tendency in Washington.

On the subject of looted property, our subcommittee as I remember was very small and I did the basic drafting. I drafted a paper which is somewhere in the files of the State Department, but probably in those files that are lost over in Maryland somewhere and to which there's no access. The proposals which I laid out were twofold. One had to do with looted property in general, that is property which could be identified as having been in a country invaded by the Germans and winding up in the hands of the Germans.

Q: A piece of art, for instance.

REINSTEIN: Well, a piece of artwork; it could've been anything. It could've been anything. I personally didn't see any difference between artworks and other property. My general position was that if it could be identified as having been in that country and having wound up in German hands, it should be returned to the country in which it came.

Q: Even though the Germans had paid for it?

REINSTEIN: Even though the Germans had paid for it because the Germans managed to pay for things by simply printing currency and also through the operation of their subsidiaries, of their companies and the like. Payment by the Germans was, I thought, irrelevant. And I used to take as an example: if you found the Mona Lisa in Germany and you gave it back to France and you didn't inquire into how it got there, it obviously belonged in France. If you started to go into the financial ramifications and say, Well how was this paid for? and the like, then you get into all kinds of very difficult legal questions and my thought was that those should be sorted out by the countries which had been invaded by the Nazis. In other words, turn them back to the government of that country and let the determination of who owned the property be determined by that government under the laws of that government. The allied responsibility would be simply if you found something that wasn't where it was supposed to be, you sent it back to where it came from.

Q: Including that which had been owned by people who had been killed in concentration camps? There was no owner left anymore, was there, of this property?

REINSTEIN: Well, the whole question of people in concentration camps really didn't enter into our thinking. One thing was that despite a lot of things being said now, there really wasn't much knowledge of what was happening in the concentration camps. We didn't find out about the horrors of the?well, of course there were different kinds of concentration camps; there were concentration camps for political people from France, for example, which were very different from the camps of the Jews. While there were large numbers of people who were hauled off to Germany and put into concentration camps, there were concentration camps in the occupied countries too, and not simply in Germany. So you don't want to get the people who were taken into custody for political reasons and the Jews all mixed up as being subject to one single policy; they were not.

The countries were treated differently, I think, by the Germans in terms of the degree of resistance and fighting that the Germans encountered. One thing that comes to my mind, for example, is that Denmark got treated rather differently than Holland. Denmark, unlike the low countries, the king did not flee; he stayed there. The German occupation of Denmark was milder than the occupation in the low countries, for example. One differentiation is that Denmark did not have extensive ownership of property abroad. It wasn't the great source of capital that the low countries were. The king stayed there. There is a fascinating story about a quarrel between the Germans and the Danes over flying the Nazi flag, perhaps in the royal palace. The Germans told the Danes that they were going to put the German flag up and the king had a meeting with the German commander, or the German diplomatic representativthey may have maintained some diplomatic relations. When the king was informed that the Nazi flag would be raised he said, "A Danish soldier will go up and cut it down," and the Germans said, "Well, in that case we'll shoot him." And the king said, "Then the Danish soldier will be I." The German flag did not go up.

Q: [laughs]

REINSTEIN: The Danish resistance was a?

Q: Was a different type.

REINSTEIN: Was a different type than it was in other countries.

Q: Oh no. I served in Denmark and I know what they're like. They're different people.

Well now, back to the looted property.

REINSTEIN: As I say, I laid out as a sort of general policy, don't get into all the financial details and whether it was paid for or whether it wasn't paid for or how it was paid; we knew that the Germans had the financial resources that enabled them to buy things, or to make nominal payment for them, and regarded that as just being a dodge and something to which we wouldn't pay any attention. We wouldn't get involved in that. Let the countries that were occupied by the Germans sort that out themselves. I'm not sure how they did it or to what extent. The problem is resolved and how they resolved it, every once in a while some artwork particularly comes to light these days, often now in the possession of Americans, sometimes private Americans, sometimes even fairly recently. I think the National Gallery was found to have a piece of artwork which was looted and the owners believed they had bought it legitimately on the American market. But it didn't belong here.

The subject of artworks got a high level of attention. It was after I had drafted this paper that the President of the United States took an interest in it and appointed a special commission headed by Justice Olin Roberts of the Supreme Court to deal with the question of looted artworks. It was headed by Justice Roberts; the membership, for the most part I think, was almost exclusively the people from art museums, and particularly the New York museum. A guy by the name of Taylor, I think, was the head of the museum there. They used to have meetings at the National Gallery, which had just been started I guess. It was in its early development. I was the only government representative who attended the meetings. I remember one of the big subjects of discussion was what did you do if a prominent work of art was looted and could not be found. The subject of reimbursement. There were two views that developed in the commission. One, which I espoused, which was that that was just too bad; it might turn up in due course and whenever it turned up it would be returned.

Q: A result of the war, in other words.

REINSTEIN: Well, we didn't look that far forward, but as I was just saying, the National Gallery recentland we're talking about the year 2000, fifty-five years or more after the evenfound itself in possession of a pieca painting, I thinthat had been looted and that had been sold, and perhaps passed through several hands; eventually purchased in good faith by the museum. And the connection was made that this had been originally looted from the Germans and the National Gallery returned the artwork to Germany, the source. Actually, in this case it came from Germany. One might explain just how that kind of thing could happen. At any rate, we were still following basically the same policy.

Q: We know that American GIs (American soldiers, "General Issue") helped loot some things.

REINSTEIN: That's what I was going to say, which is that the GIs acquired a lot of things. They had lots of money because they were able to buy large amounts of cigarettes and they could sell the cigarettes for a high price in terms of marks and they bought stuff, but they also stole stuff. There's no point beating around the bush. They stole a fair amount of stuff themselves and there was no control.

Well, the question that I think we were talking about was what would you do if you couldn't locate somethina famous painting that had disappeareand whether you should provide some substitute. As I think I said, there were two views. One view, which I espoused, was that that was unfortunate but one should not get into something of that kind and it would be very difficult to make judgments of comparability. The other view which was espoused strongly by Mr. Taylor of the New York museum was that it was very simple; you simply took something of that kind and found out what price was paid at the most recent auction and then found something of comparable monetary value. [laughs]

Q: Good luck! It's going to be very, very difficult.

REINSTEIN: Making no relationship between the artist or anything like that. It struck me as a crass commercial approach, which I fought against and which was not adopted by the commission. The commission made some kind of report and that must be in the public domain.

The other subject that I dealt with in my memorandum on proposed policy on restitution is what did you do about gold. The thesis which I expounded was that we all knew that the Germans had gotten control over a fair amount of gold. We didn't know how much, although that was a subject to which we gave a lot of attention and intelligence, but we had some information on German gold sales but it was not really very indicative of what happened. The thesis which I laid out in this paper somewhere in the end of 1943, I guess, was that the probability was that you would find a certain amount of gold at the end of the war. I don't know whether you're familiar with how gold was handled by the central banks and treasuries at the time, but generally when gold came into their possession it was stored in bars and they put a mark on it to indicate the ownership. Well, I suggested in my paper that you would probably find that some of the bars had the original markings. In some cases the Germans may have remelted them to get rid of them. And the sensible thing to do was to divide the gold up among the countries in relation to the losses which they had suffered; that would be the only equitable way, and an administratively doable way.

When this particular paper was circulated in the department it was screamed at. The lawyers said that this violated all concepts of right and wrong in the law. The economists all said this would result in a distribution which wouldn't reflect the needs of the countries for gold and for assets to restore their economies and take care of their civilian populations. But no other proposals were put forward and in due course this paper was adopted.

Q: [laughs]

REINSTEIN: And it got into interdepartmental circulation where it again came under vigorous criticism. But eventually, and I'm not sure what interdepartmental agency was involved, it got adopted.

At the end of the war, before the final German surrender, we and the British had agreed with the Soviets to set up a commission on reparations from Germany. The American representative was an oil man from California, who had, as far as I know, no particular qualifications for this job at all [laughs] except his political connections in the Roosevelt administration. However, the American part of the commission was staffed by a set of really very brilliant people gathered from various parts of the American government, including my boss at the time who was the chief of the financial division of the Office of Financial and Development Policy. I think I hadn't talked about that office particularly and we should come back to that after this particular topic because it played an important role in reparations. Anyhow, they really pulled together a very large, competent group of people and they spent some months in Germany. They made no reports of any kind so it was never very clear exactly what was going on except they kept looking at Germany and maybe making assessments of what damage had occurred. They were operating before the war ended.

After the war was over, sometime after VJ Day, I was acting chief of the financial division and performed that function in the last half year of the war. A telegram came in in early August from this man who was the head of the American part of the reparation commission addressed to the President, the Secretary of State, the Secretary of Treasury, the administrator to the Foreign Economic Administration, and a lot of other important people, recommending that the gold?

Oh, I should say that sometime at the end of the war we found a cache in Germany and the way it was found was very curious. It was at the very end of the fighting and an American patrol in southern Germany was looking for the odds and ends of German forces that might still be putting up a resistance. Although the Germans had surrendered we were not sure that everybody had gotten the message and that there were not units of one kind or another which were still putting up resistance. An American patrol was out to see if there were any Germans who were still putting up a fight and they ran into a couple of midwives who had just delivered a child and they asked them about German soldiers and the midwives said there were no military forces around but there was a salt mine nearby and there were guards there. Whether they were part of the armed forces they weren't sure, but anyhow they were guards. Well the officer in charge of this patrol thought that he better not take this one on just like that so he sent back for reinforcements and they got to the salt mine and the found that it had been used as a storehouse for artworks and for gold and valuables of one kind or another. Apparently a salt mine is a very good place to store things because of the properties of salt. The Germans offered no resistance and they took all of this into custody.

The gold turned out to be just about what I had forecast it to be; some was marked, some was not marked, but there was gold there. The head of the American representatives on this German reparation commission sent this telegram, which I began to describe, addressed to everybody of importance in Washington saying he thought that the United States should take this gold and then use it for the rehabilitation of the various countries involved who had suffered during the invasion and occupation, in relation to their needs. I had just acquired as an assistant a man who was still in his officer's uniforhe had been serving in the OSS in North Africa in the numbers game. Anyhow, his name was Charles P. Kindleberger, a very famous, brilliant economist who later was very important in the development of the Marshall Plan in the State Department. He later returned to MIT where he taught and where he was head of the economics department. Was it? I don't know if Charlie had ever had that job; he managed to escape it. But he was head of the American Economic Association which is a position to which all brilliant economists eventually arrive.

Anyhow, Charlie was still in his uniform as a major in the army and at that point we had been moved out of the State Department building and were in what had been an old apartment house at 1704 G Street. We couldn't find a desk for Charlie and we put a little table right outside at the entrance to my office as the acting chief. Charlie brought this telegram into me. He had the action copy; the action copy had been sent to the financial division. He says, "What in the world do you do with something like this?" and I said, "We've got a policy that's been adopted. The problem is that we will have to clear the answer with everybody to whom this thing is addressed." Before we could get very far another telegram came over our desks. It was addressed to the head of the American delegation to the reparation commission that sent in this silly telegram and it read very simply: "I have your telegram about looted gold. I understand the Secretary of State does not agree with you. I agree with the Secretary of State. What's more, in the future please address your telegrams to the Secretary of State and not to me. [Signed] Harry S. Truman."

Q: Oh no. [laughs]

REINSTEIN: I must say that I had already had the pleasure of having the position upheld by James F. Byrnes and now by the President of the United States, and as far as I was concerned Mr. Truman was a wonderful guy. Anyhow, that took care of that.

Q: Yes.

REINSTEIN: But this was at the time purely an American policy.

I don't know whether we've gotten to the point of my explaining how I got to London in '45.

Q: No. I wanted to ask you finally in this connection, we had allies in the British and the Russians; did they get involved at all at that time in your policies on looting, on reparations, on gold, and so forth?

REINSTEIN: Oh yes, very much so. That requires some explanation and sorting out. Let me continue this particular account because it's relevant to your question.

Under the Potsdam Agreement how you dealt with these particular assetI think it was under the Potsdam Agreement, or maybe just under the general rules of warfare; there are rules of warfare on who's entitled to do what and?

Q: Sometimes they're followed, too.

REINSTEIN: Yes, and sometimes they're followed. These were German government properties, or properties in the custody of the German government, which were captured by American military forces and therefore I think didn't fall under?Well, there are rules because a lot of the rules were laid down I think probably at the Congress of Vienna. There are rules that go back to the Treaty of Westphalia.

Q: Yes.

REINSTEIN: But then the Congress of Vienna laid down rules over a large area of subject matter because they were undertaking to do what was undertaken again in 1918, more so in 1945, to lay out how international relations should be conducted. So they revised it and they established rules for diplomatic practice; they established rules for all kinds of things. I had never seen any book or had occasion to see a book that describes the full extent of the decisions of the Congress of Vienna, but they were extraordinarily extensive. So anyhow, this was property which had been captured by American forces and I think therefore by international practice it came under American jurisdiction. On the other hand, under the Potsdam Agreement there was a division of responsibility for dealing with reparations and I have not looked at the Potsdam Agreement lately; I used to carry it with me; I never went anywhere without it. I think about 1956 or something like that we had a conference with the Soviets in Berlin and I had made the mistake of not taking the Potsdam Agreement with me, thinking this is old hat, and darned if it didn't come up and I couldn't produce it when I should have.

Under the Potsdam Agreement the Soviets were responsible for satisfying the reparation claims of Poland, and the Americans and the British for dealing with the claims of other countries. Whether this was reparations or what, I don't know, but it was the Americans and the British, who had operated in all kinds of ways jointly, generally followed the policy of trying to work out agreements dealing with the subjects which floated out of the war as distinguished from those that would be dealt with initially by the United Nations; you must remember that the term United Nations originally meant those countries who fought against the axis. It has acquired a different meaning but its original meaning was really the allies. While we and the British worked out a lot of things together, eventually we associated the French with our activities and decisions.

The biggest initial matter of that kind was the giving to the French of a zone of occupation in Germany. The division of Germany and the zones of occupation was done by the head organization of British, Americans, and Soviets that operated in London during the war, whose name I now can't recall, headed by the American representative who was the American ambassador, John Winant. He had quite a small, but very brilliant staff. One of the prominent ones was Phil Mosley, an expert on the Soviet Union from Columbia University. He played an extraordinarily important role in the development of our relations with the Soviet Union. Well, I was going to say that initially the zones of occupation in Germany were divided by the countries that were doing the dividing and the French were not significant in that respect. They divided it up between the Soviets, the Americans and the British. At some point as our relations with the French became closeor they became more involved; I can't say closer because General de Gaulle was not an easy person to deal witwe decided fairly early that the French should have a zone of occupation and raised the matter with the Soviets and they said Well that's okay with us but you'll have to take it out of your zones. So they carved out a piece of the American zone down by the Lake of Constance?

The French were brought into the discussion of policy. The Americans and the British recognized this as a political necessity. The Soviets were not helpful but they did accept it. The decision had been made in a way in San Francisco by the decision of who would have veto power in the Security Council and recognizing France and China as major powers in a postwar world even though they had not been effective military allies. So, in a sense the basic decision of who the great powers would be was initially made, I think, in San Francisco when we were debating the context of the United Nations Charter and it flowed into other decisions. We haven't talked about the Council of Foreign Ministers; we have to come back to that because the Council of Foreign Ministers in a sense was a counterpart of the decision on who the significant powers were for the purpose of the postwar context in the United Nations.

I have to sort of jump ahead a little bit explaining how I happened to be in London and working as an advisor to the secretary of state, James F. Byrnes. I didn't find myself very heavily occupied. Somehow or other I found that there were other jobs that had to be done and I did them. This happened to me often in my career. Sometimes I happened to be somewhere and the State Department would tell me to do something and to take up some problem because I was conveniently there. And also I think I can say with some degree of humility that I was a very effective negotiator because actually I spent a large amount of time as a negotiator for the Department in the postwar era. I found myself with very little to do except attend meetings and listen to terrible discussions I'll describe later with the Soviets.

The Potsdam Agreement, as I've said before, made the Americans and the Britisand then we extended that, ourselves, to the Frencresponsible for dealing with the reparation claims of all countries except Poland. We had to do something to organize that discussion. While I was in London in September and October of 1945 I worked out with the British and the French the terms of reference of a conference to be held in Paris to implement that part of the Potsdam Agreement. Also my counterparts in that discussion were Sir David Whaley, a high official of the UK treasury, and Jacques Rueff, who was in London as I was as an advisor to the French delegation. Rueff was very closhe was an economisto General de Gaulle. He was a burr under the saddle of the major financial people for years because he was in favor of going back and establishing a rule of standard, which nobody else favored. This was not the idea of the International Monetary Fund, the IMF which I haven't mentioned.

Q: Nor have you mentioned the Bretton Woods Agreement.

REINSTEIN: Yes, Bretton Woods.

At any rate, I proposed to Rueff and to Whaley this policy which we had agreed upon in the American government and which was enthusiastically accepted by the French. Perhaps I should give a little bit of the background of what happened. The French had extraordinary interest in this. The Bank of Belgium at the time of the invasion of Belgium, of the low countries, had sent its gold to Paris for safety. It was transferred to West Africa where the French had sent their gold, although they had very large gold and dollar accounts in New York. The Germans put pressure on the French and I'm not surl guess this must've been shortly after the French surrendered and before de Gaulle got effective control in Senegal which is where the gold went. It went to Senegal and the Germans successfully pressed the French to return the Belgian gold which they helped themselves to. The Belgians were of course furious with this. The French hadn't returned their gold, they returned Belgian gold. Of course the gold in the United States was protected by our freezing orders and the Germans couldn't get it back.

The Bank of Belgium brought a lawsuit against the Bank of France and the French government in New York asked and obtained an order freezing in effect the French official assets, all of them.

Q: Which the French government vigorously objected to, I would imagine.

REINSTEIN: There was no French government in exile; eventually you have de Gaulle emerging but you have a period?

Q: Oh, this was brought during the war, this suit?

REINSTEIN: Oh yes, it was brought during the war. The representative of the Bank of Belgium and the Belgian government was a very distinguished lawyer from a law firm, John Foster Dulles. The lawyers for the French kept trying to get access to the assets and Mr. Dulles successfully, by one maneuver or another, prevented them from getting it. They put forward successfully to the U.S. District Court in New York the argument that you really couldn't get at the facts of actually how much was available or anything until the war was over and therefore while the amount that was lost was knowat least was thought to be knowit was not clear just how much would be required to satisfy the Belgian claims if upheld; and therefore all of the official assets of the Bank of France and of the French government should be sort of held in escrow pending the outcome of the war.

As the liberation of France proceeded the French had great need for these assets and they filed a settlement. They agreed to settle with the Belgians whole and give them the total of their claim so as to get access to the other assets. It was a very, very complicated settlement. Legal and financial settlements are complicated and in this particular case the final settlement evolved almost like the instructions for a ballet. There were, as I remember, sixty-seven steps that had to be taken, including the certification by the Secretary of State that the French authorities were those entitled to make the decision, a subject which I think I had mentioned as resulting in legislation putting in the hands of the Secretary of State in effect the determination who the legitimate authorities were in a particular country, and protecting banks from lawsuits because that was a definitive decision; and the certification given by the State Department was written and signed by me because the authority to make these decisions had been delegated to the financial department.

This gave the French an enormous interest in the settlement of the gold case. I'm quite sure Rueff agreed enthusiastically to the American proposals and the British went along so we laid out this thesis that I had originally put forward in the Restitution Subcommittee of the Reparations Committee of the Planning Organization in the State Department, several years before it became international policy. I had established what has been known as the gold pool. We thought that the distribution would be made rather promptly but then some complications were raised that the Americans objected to the Czechs getting their share because the Czechs had taken American property and we successfully blocked the allocation of assets to the Czechs for many, many years. I think there was eventually a lawsuit in the international court and the Czechs finally knocked us off. The Organization for the Distribution of Gold, which we thought would have a life of maybe six or eight months, lasted until quite recently. [laughs]

Q: Because Czechs had seized American property without compensating our people, is that right?

REINSTEIN: That's right. And so we tied up the distribution to Czechoslovakia. The issue just went on for years and years and years. I think it finally got settled.

Q: Did the Poles ever get any gold from the Soviets?

REINSTEIN: I don't know what the Poles got from the Soviets. We were never told. I had some relationship with the Poles at a later date back in the '40s. No, I guess it was the Czechs. No, we never really got anything much out of it from the Poles. They were under the Russian thumb.

Q: Now we're talking about you being in London with the Secretary of State at the peace conference. Was Mr. Dulles there at the time, or not?

REINSTEIN: He was there. Let me explain what happened. I think I said that the Potsdam Agreement came as a considerable shock to the State Department in various ways. I think I explained earlier how we wanted to put off some of the settlement issues arising out of the war and take them rather slowly; and instead of that we found ourselves projected into the center of the settlement by the Potsdam Agreement. The American delegation at Potsdam was being represented by President Truman who had only recently succeeded to the presidency, although a delegation accompanying him was full of people from the State Department. They were not people who had been involved for the most part in postwar planning. The decisions really didn't represent what the thinking in the State Department had been. The way in which the Potsdam Agreement looked to uand we found out about the agreement really by reading about it in the newspaper; that was our first information about it. They made the text of the agreement, except one secret agreement which we did not discover until a year later and then too late to be of any value because it protected American properties in Soviet occupied areas. But, as I said, it was a secret side agreement to the Potsdam Agreement. Apparently the Americans raised this issuit may have been the British also, I don't knothere were American investments in eastern Europe in areas which would come under Soviet occupation and an agreement was obtained from the Soviets which is incorporated in a secret annex to the Potsdam Agreement that these property interests would be respected. It was kept so secret that the people in the State Department who were concerned with protecting these interests did not become aware of it for at least a year, during which the properties were taken over by the Communist created governments.

Q: Who would've negotiated that for the U.S. who wouldn't tell the State Department?

REINSTEIN: I have no idea because what went on at Potsdam was very difficult to understand. As a matter of fact, we were not even surthose of us who worked at the operating levethat we had a correct copy of the agreement. When the agreement was typed up in Potsdam, Cavendish Cannon, who was the chief of the southern European division, went around and took a leaf from each pile and he brought it back to Washington and this was the copy of the agreement which we understood was a copy. There was no international secretariat of the kind that you normally had later. Usually at functions of that kind the host government is responsible for putting together all the papers and providing copies of it and the like. There was no host government at Potsdam; there was no international secretariat; but we had what we believed was a copy. As I say, it was what Cavendish Cannon took away from the typing pool and that was the only copy we had; and whatever happened to the secret clause Cavendish didn't tell us about it or something or he missed it.

Q: That's a rather slipshod way to do important business, I would say.

REINSTEIN: That's right. When you make agreements in Tehran and Yalta or Potsdam this is the kind of thing that happens.

Q: I would've thought the best thing to do would have been to have our embassy in Moscow translate what appeared in Pravda. That would probably be the basic agreement.

REINSTEIN: Not necessarily. As a matter of fact, I don't remember that any issues ever arose between us and the British and the Soviets on the wording of any clause of the Potsdam Agreement. In all probability the text that we had was a direct text. As I say, the only thing was at the time we weren't sure of it. This was our copy. This was our understanding of what was agreed. And that was the basis on which we functioned. And I carried that piece of paper which we learned of originally through the newspapers and then we got an unclassified telegram from somewhere giving us the text of the agreement. I don't know where that telegram originated because at the time we were still not established in Berlin. You may remember that while it had been agreed that there would be zones of occupation, at the end of the war where the troops wound up did not correspond to the zones of occupation. There were American troops in Czechoslovakia and the Soviets had gotten more of Germany than they had a right to control.

Q: Although by Potsdam we did have troops in Berlin. We went in on the fourth of July in '45 and Potsdam came about three weeks later, I think. Because President Truman went and reviewed the troops in Berlin.

REINSTEIN: I don't think that we had a significant military presence there. Obviously if we had the President there we would have American troops there, at least nominal troops.

Q: The 2nd Armored Division went in first and then the 82nd Airborne came in.

REINSTEIN: Yes, but we didn't get into Berlin right away. I don't remember how this worked out but I do remember there were problems with the Soviets. They had occupied a larger area of Germany than they were entitled to control under the agreements reached at London, and they were allowing us to come into Berlin and to have a full establishment there with access to it. It didn't get worked out at all. The Soviets didn't comply initially and there was a pulling and a hauling on it. I was not involved in it but I was aware of it.

Now, I guess the next question is where do I come in in all of this. There are probably aspects of the last days of the war which I had not touched on. Let me just explain what happened to me and if there are things that are left out perhaps we can come back to them.

Q: Yes. For instance, how did you get to be advisor to the Secretary of State?

REINSTEIN: The answer to that is fairly simple. I had been working foand this was an arrangement which had no particular status in the State DepartmenJames Clement Dunn as the State Department representative and dealing with working out the civil affairs agreement and problems of occupation and liberation. Initially I was responsible only for the financial matters, but when we got into problems with de Gaulle and issues began to develop in the committee on how to deal with de Gaulle, I went to Jimmy Dunn and said to him, "Jimmy, look, we're getting into high political issues and it seems to me that somebody from the political side," Jamie Bonbright, James H. Bonbright, was the French desk officeand I said, "It seems to me Jamie Bonbright ought to be in on this instead of me." Dunn was a very interesting fellow. He was really an expert on getting things accomplished without all kinds of orders and things of that sort. And he said, "No, you're doing all right. You just go ahead."

He was quite prophetic because I had been dealing with the Treasury; they accepted me as a voice for the State Department. If a Foreign Service officer whom they didn't know had appeared they wouldn't have trusted him as a State Department spokesman. Of course they were used to dealing with me. I enunciated policy and I discovered that the fellow that was in line with what the thinking was, at least, was the head of the European office and was very close to the Secretary of the Treasury, so presumably he reflected the general policy of the Department; when it came to working out the details, the details turned up very often in the matters on which I was working and so I became the voice of the State Department in that regard interdepartmentally. Well, Jimmy was used to having me do things and he wawe have to go back to Potsdam; the Potsdam Agreement established the Council of Foreign Ministers.

Q: Dunn was at Potsdam, wasn't he?

REINSTEIN: Jimmy was at Potsdam, yes.

What the Potsdam Agreement did, in effect, was to set up this organization called the Council of Foreign Ministers, which really, I think, although it was never made explicit, was to deal with the problems affecting the enemy countries. You should remember that under Article 106 or 107 of the United Nations Charter matters relating to dealing with the enemy countries were excluded from the jurisdiction of the United Nations completely. And so in a sense what they did at Potsdam was to set up a counterpart to the permanent members of the Security Council, an organization to deal with the issues which related to the former enemy countries. In fact, they went a little bit beyond that initially because one of the early subjects they dealt with in London was the withdrawal of troops from Iran, which doesn't technically fall under that heading. It was just a convenient place to talk about that issue which was primarily an issue between the Brits and the Soviets. At any rate, the Potsdam Agreement provided for setting up this organization whose first responsibility - that was not its only responsibility, but its first responsibility, as I remember - under the Potsdam Agreement was to work out treaties with the ex-enemy countries other than Germany and Japan; which meant Italy, the Balkan countries and Finland. Finland had been at war with the Soviet Union and also the Brits had declared war; and so they got a voice in Finland. But the United States had not declared war against Finland, which had special, close relations with us, even though we heartily disapproved of their getting involved on the Nazi side.

Q: Yes.

REINSTEIN: Very soon after the Potsdam Agreement I was instructed, I guess by EUR, the European division, to work out provisions for the economic clauses of the treaties to which the U.S. would be a party. As I've said before, we had this postwar planning organization but they operated on the theory that you should put off writing peace treaties until some of it had calmed down; and this had been generally accepted as gospel by the State Department; don't make the mistakes that your predecessors made. The first thing I did was to get out the Treaty of Versailles and have a look at it. I never looked at the treaty except in college when I had looked up the War Guilt Clause in the Treaty of VersailleArticle 236 or something like that; I can't remembeand I was appalled to find that there was extraordinary detail on restoring relations in the field of patents and trademarks and copyrights, and dealing with debts and matters of that kind, to which no study had been given. The postwar planning people, the only paper I was familiar with that they had produced in the economic field was one which in effect proposed the restoration of the Austro-Hungarian Empire as an economic unit under the heading of eastern European Federation. Apparently it didn't occur to them that the Soviets might be involved in this and have different ideas; maybe the same ideas but a different idea on how to run them. So really no work had been done on this at all and I was appalled at the prospect.

I tried to see if I could pull together some kind of interdepartmental committee. The State Department hadn't been in touch with anybody about anything. I found somebody in the Department of Justice who indicated a willingness to work on the subject, but apart from that I couldn't seem to find anybody to do anything. Well, not much time elapsed before I went down to the State, War, Navy building; they had a little cafeteria in the basement which I guess was for senior officers, because it wasn't very big, and I ran into the chief of the European division, H. Freeman Matthews, who everybody knows as Doc Matthews, and he said to me, "Jacques, you're going to London with Mr. Byrnes," and I looked at him in some astonishment and I said, "I am?" and he said, "Yes." He said, "You're going to go over and work on peace treaties," and I said, "Well, if you say so, Doc, I guess so."

Well, my first wife, who was about seven months pregnant with our third child, and our two older youngsters who were five and two-and-a-half, roughly were up in New Hampshire at our summer place, which had no telephone, and they ate their meals at a neighboring farm house inn with a telephone on the walthe old kind that you cranked up to get the attention of the operator. I figured out about when she would be there for supper with the kids and called up and told her that I was being sent to London at the beginning of September and I said heaven only knows when I'll get back. I'm supposed to work on the peace treaties. I think you better come home so we can get organized for this; and she did. I abandoned any effort to do anything about the peace treatiel wasn't getting anywhere anyhoand addressed myself to getting organized to go. In those days, as you well remember, you were required to take a large number of shots so I spent the time getting ready to go to London getting shots and putting clothes together for cold weather and the like.

The Potsdam Agreement had provided that each foreign minister would be accompanied by a high-ranking deputy and a small staff and the high-ranking deputy was James Clement Dunn, with whom I had been associated in the military arrangements, and I assume, although I was never told, that Mr. Dunn had decided he wanted me to go [laughs] and that's how I got picked. Anyhow, we had to do some hasty organization. One of the things we had to do was to get my boss back; to let him loose from an assignment in Germany to come back and take charge of the financial division, which we managed to do. So he arrived back I think before I left. We went off on the Queen Elizabeth.

I'll perhaps explain for the benefit of younger readers that the Queen Mary was the fastest ship to cross in the transatlantic passenger service; another queen, the Queen Elizabeth, had been built but had not been put into service. That is not the present Queen Elizabeth; it's the second ship of that name. Anyhow, we went over on the Queen Elizabeth which had never been put into service and was requisitioned and put to use as a troopship to carry American troops to Europe; the Queenagain, for the benefit of younger peoplwere not in convoys; they were very fast ships and could outrun any submarine and so they did not travel in convoys, which were very slow. We did travel blacked out because it was not known for sure whether all the German submarines had been accounted for and there was no desire to have the ship knocked off by a German submarine, which would be perhaps easier to do.

Q: Four months after the war ended?

REINSTEIN: Just bear in mind, of course communications were different. There was a Confederate raider which operated for some six months against the Union shipping at the end of the Civil War. When they heard that the war was over they sailed into an English port. That was commanded by Admiral Simms, the only admiral in the Confederate navy.

Q: I'm sorry they didn't have German discipline.

REINSTEIN: [laughs] They didn't have the communications. They didn't know the war was over so they kept destroying Union shipping. [laughs]

It's only recently, it seems to me, that the wreck of a German submarine was discovered off the New England coast, which is a submarine that had not been accounted for because in the German records it was shown as having been sunk of the coast of Africa since they didn't hear from it, but in fact it had gone under off the coast of New England. At any rate, as I say, they were taking no chances and we ran blacked out at night.

There weren't very many on board this vessel. The official Americans who were traveling were Mr. Byrnes, who took his wife with him; Mr. Dunn, who took his wife with him; John Foster Dulles had been made a member of the delegation to give it bipartisan color. It was organized that when we ate at the military bases and at the mess the Americans were divided into two tablethe high table, which had seven people: the Byrnes' lawyer I guess made the seventh; and then the low table consisted of the working staff. Ted Achilles was the secretary to the delegation and was assigned to the embassy and was traveling with his family. Mrs. Achilles accompanied him; I don't know where the children ate; they didn't eat with us. [laughs] At any rate, we had several other people and then there was a fellow from the Navy Department who was a lawyer who had been lent to the organization that was setting up the United Nations and he was going to London for a meeting to prepare for the first meeting of the General Assembly. His name was Adlai Stevenson.

Q: Adlai Stevenson? Ah.

REINSTEIN: He sat opposite me at the lower table in the mess. At the lower table progressively each was invited to eat at the upper table once with our superiors.

Q: [laughs] Tell me, did you have delegation meetings on board ship for planning purposes?

REINSTEIN: No, not at all. I'm trying to remember I shared a cabil don't know why they didn't give us individual cabins but there were two or three of us in a cabin. I guess we did some work. I sort of vaguely remember. I think it was on that trip, maybe it was on a later one, that Raymond Harl was in a cabin with him and someone elsthere was a little table and so Ray got the table and the other two of us; well, the only way of doing any work was to put a pad on my upper berth and do drafting on your yellow pad. If it wasn't that trip, it was a later trip on one of the Queens. But no, there were no meetings; nothing in the way of preparation for the meetings we were going to at all.

When we got to Southampton they had special cars for us attached to the boat train, Pullman cars, they were called; much to my surprise they were rather elegant old-fashioned chair cars. Not chair cars of the kind we were used to; they were more or less benches. They were rather ornate seating accommodations. However, the embassy had sent automobiles down for the secretary and the higher ranking officials so they didn't get into that. The rest of us piled into these cars, which were attached to the boat train. The consul at Southampton was there to obviously greet the Secretary and then he spoke with us very pleasantly and then somebody else and then they left. And we sat in the cars and eventually somebody came along and wanted our tickets and we said, "Well we don't have any tickets." "Well, the railway must have tickets, you know," said this fellow. And I said, "Arrangements were made for us to ride in these cars. We don't have any tickets." "Well the railway wants you to have tickets, you know." Well this fellow was very insistent so I got out and somehow I made a telephone call to the consulate and I pointed out that we had this difficulty that the railway wanted tickets and we didn't have any tickets. This was before the nationalization of railways, although this was a Southern Railway which was under government requisition. They were still privately owned; the railways weren't taken over until the Labor government came in. I finally got what wouldn't make sense to anybody who didn't live in that timreverse lend-lease requisition.

Q: [laughs]

REINSTEIN: Does that ring a bell?

Q: Yes.

REINSTEIN: While we were giving help to the British through lend-lease, we required services from them and there was no financial accounting for those because of the large aid we were giving the French, except you had to have papers. So to document the transaction you had what was called a reverse lend-lease requisition, which requested services from the British and perhaps it gave it a value because it was in theory supposed to be some kind of financial accounting. In theory. At any rate, I got a reverse lend-lease requisition somehow or othel don't know how I managed thaand I gave that to the conductor of the railway, who had never seen one before; it wasn't a ticket, and he said he had to have a ticket and I said this was the best I could do. I don't know why I became the operating officer for this purpose. It seems to me no matter what goes on, always stuff like this gets thrust into my hands.

Q: You had financial experience, that's why.

REINSTEIN: Well, I don't know. Everybody looked at me so I'd be the one who did it.

The conductor went off shaking his head, saying, "The railway must have tickets, you know," and I said I was afraid that this was the best I could do for him, and that was the end of that.

Q: Meanwhile the whole boat train had waited?

REINSTEIN: No, no. The boat train took off. It took off while the discussion was still going on.

Q: [laughs]

REINSTEIN: I hope the poor conductor wasn't penalized for not getting the tickets. You know, there were something like three or four special cars that were hooked on at the end of the train. They already made these arrangements but then neglected to take care of the problem of tickets.

Q: They have their bureaucrats too.

REINSTEIN: This was the first time I had ever been to England and I must say, it's not relevant perhaps to history but it was an extraordinary experience. It was this country which I had been reading about all my life and when I saw it everything was exactly the way I imagined it would be. It was the England which had existed before. Everything was exactly the way I had read about, or maybe seen in the movies. It was because of my impression, obviously gathered partly from the movies that I had seen.

Q: Of course.

REINSTEIN: At any rate, we went to London and I was billed at Claridges Hotel.

Q: Claridges, wow.

REINSTEIN: Where I discovered that my room had cost me twelve dollars a day and my per diem was only ten dollars a day; and I did not find that an enjoyable prospect. I found also that Ted Achilles was billeted at one of the cheaper places so I made a swap with Ted Achilles who could easily afford to stay in Claridges. It was not until many, many years later that I discovered that Mr. Achilles owns twenty-five percent of Eastman-Kodak. His father was a partner of George Eastman, or his grandfathel can't remember which. He was immensely wealthy. He lived so simply and he was just one of the boys. It never occurred to any of us that he was so extraordinarily rich; and very generous, I might add, which we didn't know either. He was just one of the boys.

We got to London and we began our meetings with the Council of Foreign Ministers.

Q: And Molotov attended for the Soviets, did he?

REINSTEIN: Oh yes. I should mention that it was very interesting to read in the papers about the arrival of these delegations. As I said, the Potsdam Agreement had said that each foreign minister would be accompanied by a high-ranking deputy and a small staff. The Americans took this quite literally. Well the whole delegation from Secretary Byrnes down to Ted Achilles, as secretary, was ten people. We read in the paper about the arrival of the Soviet delegation; they didn't identify them but there were eighty-seven people.

Q: Eighty-seven?

REINSTEIN: Eighty-seven people.

Q: Eighty-seven to ten. That's quite amazing.

REINSTEIN: Also interesting in the newspaper account was the identification of the American delegation. We were all listed by our nicknames. Somebody had obviously called up the American embassy and they knew all of us and so they identified us as Tommy Thompson and Jack Reinstein, and everybody by his nickname. [laughs] It didn't seem to me very proper but it appeared in the Times.

But one of the things about Claridges that I remember about that stay and a later stay is that we were given a complimentary copy of the Times of London. We also received a complete collection of all the papers published in London, with one exception: The Daily Worker. The Claridges would not deliver the Daily Worker. But we were charged for all the rest of the papers. [laughs]

Q: The Times was free but the others you were charged for.

REINSTEIN: That may have been at a later visit that I had at Claridges. But anyhow, that gives you an idea of how Claridges approached the matter.

We began having meetings and the meeting took place at Lancaster House. Lancaster House adjoins Saint James' Palace and is actually owned by the city of London, I think, but had been borrowed by the British government and was continually borrowed by the British government for many, many years for the purpose of holding conferences. The British didn't have a good conference center. In later years we used to meet at a room which had been a part of the old India Office which was apparently used as a conference room there. It wasn't terribly big.

Q: When I was in London the Foreign Office was in the India Office. The German desk, for instance, was in the India Office.

REINSTEIN: Yes, they had taken over the quarters of the India office, although you had to walk to get to the conference room. I guess I'm jumping ahead here. I should stay in Lancaster House.

Lancaster House had one enormous room which was big enough to take care of the ministers meetings. It then had a number of small rooms. That was on the second floor by American accounting, the first floor in British style. It was a rather vast room; it accommodated a large number of people, including a large number of translators and the British provided the secretariat. And then there were interpreters; each delegation had its own interpreters. So this is where Bohlen comes in. Bohlen had been the interpreter, I guess, at Roosevelt's and Truman's conferences. He was there as the single American. The Soviets had two interpreters; one of them I encountered years later who had left the Soviet employ and gone to work for the United Nations and discontinued his connection, apparently, with the Soviet government completely.

One of the first things that came up was the troops in Iran and the discussion of withdrawal of Soviet and British forces from Iran, which was agreed on and I think was in fact carried out. I'm not sure what the next point was. You said you wanted to know who the representatives were; of course the British were represented by Ernest Bevin and I'm trying to remember the name of his deputy.

Q: Was it George Bidault?

REINSTEIN: Yes, it was Bidault. It was Bidault who was Foreign Minister at that point. At a later date when we were meeting in Paris, [laughs] he was not only the Foreign Minister but he was the President of the republic at the same time. Bidault was accompanied by two people who had been in North Africa.

Also Herve Alphand who was ambassador to Washington for a considerable period of time and who had a high-ranking position in the economic portion of the French government. And then you asked about the Soviets; Molotov was the Soviet representative and Vyshinsky was his deputy.

Q: Vyshinsky was deputy foreign minister.

REINSTEIN: Only the foreign ministers spoke. The Chinese were also there. The Chinese were all the silent type generally. I don't even remember the Chinese speaking once. [laughs] Maybe once or twice. Quarrels were developing between the other countries and the Chinese discreetly stayed out of everything and they were eventually dropped from the council altogether; after this first meeting they were never invited back again.

One topic that may have come up was the Soviet desire to have a UN trusteeship for Libya. Yes, I think that came up. Of course the British secretariat kept a very full record of the discussions, a point we'll come to later, and the discussions which took place were amply documented and were sent back to Washington and should be available in the files. As I recall, I do think that the question of the trusteeship over Libya?

Q: Which had been an Italian colony at the beginning of the war.

REINSTEIN: ?came out and the Soviets indicated their desire to have that trusteeship and it was turned down, of course, by the British and the Americans who had no desire to have the Soviets in the Mediterranean. This may have been one of the causes of a breakdown of the discussions. We'll come to that a little bit later.

I was not involved in that but my understanding of what happened, and this is, I think, significant because there was a breakdown in relations of the communications with the Soviets that took place. It began right there. I was present, I saw it happen, and I've never quite understood it. But apparently, as far as I can make out from what I've heard from participants, during the San Francisco conference the Soviets asked Stettinius whether they would be eligible for a trusteeship, indicating that they had an interest in Libya. Stettinius said?

Q: Our Secretary of State at the time?

REINSTEIN: No, Stettinius was our principal representative. He was the principal negotiator at San Francisco for the UN Charter.

Q: Byrnes had become Secretary while you were there?

REINSTEIN: He became later. Stettinius was the director of lend-lease. I think that's where he came in to the government from private business. How he came to be picked to head the negotiations in San Francisco I don't know.

Q: Hadn't he succeeded Cordell Hull as Secretary of State?

REINSTEIN: He did later, after the completion of the UN Charter negotiations, but not the signature of the charter. The final signature took place on October twenty-fourth because I was involved in the twenty-fifth anniversary celebration and it also happened to be the birth date of my youngest son.

Q: [laughs]

REINSTEIN: October twenty-fourth I'm very clear about.

Stettinius was the chief negotiator?Well, there had been the early preparatory discussions that took place at Dumbarton Oaks with the Soviets, British. I think at some point there was French participation too. They prepared the proposals for consideration by the larger group of the United Nations, which, as I remarked earlier, originally was a term applied to those in the alliance that fought the axis and did not have the meaning that it has come to have. The wider conference, which resulted in the production of the text of the charter of the United Nations, took place in San Francisco and the document itself was nol'm not sure why it wasn't signed until October, but it was not signed until October twenty-fourth.

Q: Although it had been agreed to by April, six months ahead of that.

REINSTEIN: It had been agreed to earlier.

Q: Yes.

REINSTEIN: Stettinius was our principal delegate there, and as I said, in this discussion with thI can't remember who represented the Soviets in San Francisco.

Q: Molotov was at the signing because Truman had a talk with him in Washington before he went out there, but I don't know who represented them in April.

REINSTEIN: Well they were well-represented, I'm sure.

As I understand it, Stettinius had said, "Sure, of course you're eligible." The Soviets, having indicated that they had an interest in Libya, took that as a commitment by the United States to support the Soviet trusteeship in Libya. The Americans didn't think they had made a commitment and when the issue was raised in London, the Americans and the British, and of course the Brits were very important, too, in the Mediterranean at that point, turned it down. That may have been a contributing cause to the factor in the breakdown of our relationships with the Soviets, which I've never myself understood and I've never seen a good analysis on. Maybe there's literature on the subject, and particularly now that the Soviet files are open, somebody will study that. It's a subject which should be studied because it played such an important role. At any rate, that subject came up.

Q: Had Secretary Byrnes gone there with the idea that he could cooperate with the Soviets?

REINSTEIN: I think so, yes. One of the terrible things about this is we had no delegation meetings. The Secretarl can't remember the name of that lawyeand Dulles all stayed at Claridges. They had some discussions there, I guess. And they worked there. That's where they had their offices; they had their offices in Claridges, I believe. The rest of us, the working staff, had our offices at Number 5 Grosvenor Square, which was a private home. It was a private home of the countess of Beauchamp, which had been leased, I think, by the British; and perhaps made available to us as reverse lend-lease. I don't know. At any rate, it was Number 5 Grosvenor Square. Number 1 was the American Embassy, Number the same building with a different entrancwas the Canadian Embassy, Number 5 was the countess of Beauchamp's residence, and I think Number 7 had been the Italian Embassy but I guess the Swiss had occupied it; and then around the corner was the Japanese Embassy; and then there was a beautiful little house right at the next corner of the square which had been the residence of John Adams when he was first minister. It was a beautiful little building which has been torn down.

Q: There's a plaque there.

REINSTEIN: It was a great shame. It was a beautiful building and it should have been preserved as it was. The Americans should have bought it up and preserved it.

But we had our offices at Number 5. There were no delegation meetings so we never knew what was going on in the high command or what their thinking was about the issues or anything else. We went to meetings and sat and listened to the discussion. I remember having sat around for hours and hours because the meetings went on interminably. I remember Byrnes had a military aide whose function I think was simply to carry his briefcase or maybe to carry some highly classified material. He and I sat next to each other in the sort of back and listened to all this discussion and finallwell maybe this comes at a later stage, but anyhowe used to exchange views on what was going on. It was not favorable.

The next subject of importance to come up was the French desire to discuss Germany. Mr. Bidault pointed out, over and over again, and I guess other French Foreign Ministers did too, but Mr. Bidault particularly made this point very frequently that the French had not been present at Potsdam. They were not parties to the Potsdam Agreement. The French wished to have a discussion on policy toward Germany and the council spent a day discussing that subject at this meeting. The Soviets refused. They said that if there were going to be any discussions they should be through diplomatic channels. I remember Byrnes said, "Well, diplomatic channels, that just means to talk among us. If we're going to talk in diplomatic channels, why can't we talk across the table here?" Byrnes was quite willing to open up a discussion on policy toward Germany and so was Bevin; and the Chinese of course were silent. Bidault said finally, "Well, I will give notice that the French government will not cooperate in the administration of Germany until there is a discussion of German policy." Now this is the point in which there's great misunderstanding in the discussions. The difficulties in the Allied Control Council didn't begin with the Soviets; they began with the French. The French refused to cooperate initially, and of course that's kind of buried in the record of the meeting in London and perhaps not widely known. It was left that there would be discussions through diplomatic channels and I'll come to that later because I didn't participate. At any rate, that sort of introduced a second sort of sour note on the discussions.

We did not have simultaneous translation, obviously; you were sitting around in the conference room. You had consecutive translation in two languages. There was no translation into Chinese. [laughs] The Chinese generally understood English, I'm sure. At any rate, all they did was listen. I never paid much attention to the Chinese because they were so quiet.

It might be interesting to sort of describe how this was laid out. The tables were put together to make a circle and there were five places at the table: the minister, his deputy; in the case of the Soviets you had Vyshinsky; and then they had the two interpreters. The Americans you had the secretary; Jimmy Dunn, the deputy; the lawyer whose name I kept forgetting, Ben Cohen, of course. Ben Cohen had been an influential person at the Potsdam meeting. Then John Foster Dulles and Chip Bohlen, the interpreter. And Chip sat on one side. The organization was you had the British, the Soviets, the Americans, the Chinesno, we had the French, the Chinese, the Americans. Yes, we sat next to the British.

Q: Please review that again. How did they sit? In what order?

REINSTEIN: Well, there was no order, but the British were the hosts. Next to them I think the Soviets and then the French and then the Chinese and then the Americans. We were next to the Brits.

Q: In between the Brits and the Chinese.

REINSTEIN: And on the other side was where we had no discussion at all. I sat in the kind of back row with this colonel who carried Mr. Byrnes' briefcase. I never saw the briefcase in use so I don't know what was in it. He never got away from it. You had consecutive translation which meant that everything went on in three languages.

Q: It takes time that way.

REINSTEIN: Which in itself is very time consuming. One of the things that is important in this meeting and also in other meetings because we followed the same pattern over and over again, was that Bohlen sat to the left of the Secretary, whoever it was, each Secretary of State successively, and as the Soviets spoke gave a running translation into the Secretary's ear, which gave him advance notice of what was going to be said and then you've got a translation into English and then a translation into French. That gave the Secretary a good deal of time to think about, and to consult about, what he was going to say; so it was a very good situation from that viewpoint. Since no agreements of any significance were arrived at at that point it was not that significant, but it was significant at later conferences.

The British tended tand this was true maybe not at this meetinhave high-ranking civil servants at the table. For instance, later when economic matters came up and we were really carrying on discussions, my British opposite number would be sitting next to Ernie Bevin. I was always in the second row [laughs] never got to the table. It was a long, slow procedure.

At some point in September Mr. Molotov announced all of a sudden that the proceedings?Oh, I guess what happened was that at the beginning of each meeting the British secretariat had circulated an account of what happened the day before and the minutes of the meeting were approved. That was usually the case. We had a meeting and when the question came up Mr. Molotov refused to approve the meeting minutes. He said the proceedings had been illegal. The Americans and the British said well, this a record of what we said. It should be approved as a matter of course. Molotov kept saying the meetings were illegal and what it came down to was that the Chinese had no right to be there at all because they were not significant in the war against the other countries or something or other. Somehow the question was who invited the Chinese, although this was done a little more subtlI think it raised some question about the French participation and at least cast sort of a shadow on it.

While the French had been at war with Italy, they had not been at war with the other countries, technically. And so a question was raised about who invited the French. It wasn't stressed, as I remember, anyhow. Well, the argument went on and on and on day after day, technically about the approval of the minutes and the legitimacy of the discussions. Finally the meeting broke up. They couldn't proceed. They couldn't find any basis for proceeding. Now, the exact date on which that happened I am not sure about because if you go back and go into the records and the telegramthere were reporting telegrams to the Departmenyou would find the date.

Q: How long were you in London, in a ballpark figure? Was it two weeks, ten days?

REINSTEIN: The discussions went into October. It must have been they went on for two weeks or two-and-a-half weeks, or something like that.

Mr. Byrnes was quite irritated by this, as all the western ministers were, and probably puzzled because, with the benefit of hindsight, when you put together the Libyan thing and maybe other things that were happening at the same time, they would explain why the Soviets decided they couldn't work cooperatively with us. I think that Bevin and Byrnes were puzzled as to what the reason for this was. He and Ben Cohen had pushed this idea, I guess, of the Council of Foreign Ministers and getting the peace treaties. The general theory they had was that you were going to have real difficulties in trying to figure out what to do with Germany, and Japan probably, too. You already were starting the United Nations organizatioand technically the United Nations organization is a distinction between that and the wartime alliance, which is just the United Nationand to get on with setting up the postwar organization and working on the problems. Byrnes decided to leave a token delegation in Londoand he said this openlas an indication that the United States was prepared to go forward immediately with the work of the council. And so Dunn was left there, and several others of us. I don't remember who else, but I was one.

Q: You were left in London then?

REINSTEIN: I was left in London. During this time when I was in London and wasn't occupied with the council functions; I found other things to occupy myself with and I kept busy all the time.

Q: May I interrupt and ask a question, Jacques, before we get off the conference? During the meetings of the conference, how close was the American delegation's relationship with the American Embassy there?

REINSTEIN: I saw no indication that there was any relationship at all.

Q: The Embassy had no representative who came to the meetings or anything?

REINSTEIN: Ted Achilles was technically assigned to the Embassy and he had an office in the Embassy, I believe. Whether Ted briefed the ambassador, he might well have, but, as I said, there were no delegation meetings so whatever decisions were made, and this was true not only in London, but later in Paris when we went there, the decisions made at the top, the rest of the staff weren't brought in to it.

Q: A small question: did the Ambassador entertain the delegation while you were there?

REINSTEIN: No.

Q: That's interesting because normally that's the practice that goes on. It's somewhat surprising that there wasn't a closer relationship.

REINSTEIN: One of the things is that these meetings went on interminably. They didn't go on on Sundays, although they did go on on Saturdays. The Soviets, I might say, unlike the western countries, refused to work on Sundays.

Q: [laughs]

REINSTEIN: They were very, very strong about observing Sunday. [laughs] No meetings on Sunday.

Q: Good atheist practice, huh?

REINSTEIN: All of these Christian western countries understood it enough to work on Sunday.

We were talking about the mechanics of the different types of meetings; we sat at the table, and the fact that there was consecutive translation, which dragged out the discussions. When the Soviets began balking, I think the Americans, at any rate, and perhaps the British also, were puzzled as to what this was all about. Anyhow, as I said, when the ministers decided they would not carry on the discussions, Byrnes said the Americans would continue to have a presence in London and would be ready to resume the work of the council under the direction of the deputies and leave people to have a staff there ready to begin any day that was agreed. And I was left there. As time went on I finished up most of the side negotiations that I was doing. I do have to come back to one piece of business which we did in the council. And the approach of the birth of my youngest child was getting nearer and nearer and I finally got permission to return to the United States.

Now, getting on with that part of the story, I should say that I did have one piece of business to deal with in the council which was that there arrived in London from Vienna identical telegrams from the military governors in Austria asking the foreign ministers to settle a dispute which had arisen on the fixing of the ration for the civilian population of Austria. This telegram arrived and so the matter was passed to me on the American delegation to deal with this. I had never had anything to do with fixing rations. I didn't have the remotest idea and so I went around and talked to all the people who had been working on matters of that kind and found out there were different ways of doing it and getting the time to get to the bottom of the problem in Austria. As it turned out, what had happened in Austria was that the western military governors' representatives had agreed for the last quarter of 194this happened in Septembethat the ration goods did not take into effect based on the fact that it was the fall in the year and things were coming to harvest and supplementing the rations provided by the troops to the civilian population. They arrived at a figure of 1560 calories for the normal consumer. There were different ways of fixing rations but the one that was being used was for the normal consumer, and then you had maybe some derogations for children. I don't remember if heavy workers got more. Anyhow, that was a sort of benchmark.

There had been a misunderstanding on the part of the Soviets because they were afraid that they would be called upon to deliver the supplies necessary to meet that ration from their resources and their people were having a hard time and they didn't want to agree. We had some working meetings at a high level and we cleared up this point quite rapidly that there was no obligation on the part of the Soviets to ship supplies in to meet the requirement and as soon as they understood that they agreed. We reported back to the ministers the recommendation that the ration be fixed and the telegram went out and that was that. It did occur to me years later that that figure turned up again in Germany. I wondered whether it was used for years without any discussion of availabilities and all the kinds of things that we had discussed to come up with the Austrian figure, which was only for one calendar quarter really. What probably happened when they had to fix the German ration was that they couldn't have fixed one higher than the one used for Austria so they used the same figure without any rationale except that. [laughs]

Q: Believe me, you are not going to have many fat people at 1560 calories a day.

REINSTEIN: [laughs] Well, no. That was the only business which I did in London in my capacity as economic advisor to the Secretary of State, other than to listen to the interminable discussion about the minutes.

Q: Did Mr. Dulles have much influence during the conference or not?

REINSTEIN: I don't know because you see, as I said, there were no delegation meetings. The top people met at Claridges and talked and we never knew what was going on. We just went to meetings and sat there and listened. I remember Chip Bohlen used to sit and talk with us and explain how the Soviets looked at things. More at a later stage, when we went to Paris, I think, but I don't remember having any discussions with Chip, any analysis on why the Soviets were behaving as they were. We were just left completely in the dark. As I say, my view is purely speculative, but there is one thing on the breakdown that I might add. A curious thing I learned later; again a good many years later, I became acquainted with a German who as a young fellow was in the immediate office of the head of the German worker's party. What was the name of the Communist party in Germany?

Q: The KPD. The SED if you're talking about eastern Germany.

REINSTEIN: I'm talking about eastern Germany.

Q: The SED, the Socialist Einheits Party.

REINSTEIN: Yes, they called it the SED. They tried to capture the Socialist designation rather than identifying themselves as Communist. This young fellow was assigned to the office of the head of the top Germathe name escapes me now.

Q: Walter Ulbricht or Grotewohl?

REINSTEIN: Grotewohl maybe. Ulbricht was number one, wasn't he?

Q: Ulbricht became number one, yes.

REINSTEIN: Well, whoever was number one; and his function was to read western newspapers and make a summary of what happened. He had one instruction in particular. He said, "Look for Argentina and when you see Argentina let me know." And he said finally he came onto Argentina because this was when the Americans pushed for the membership of Argentina to the UN. They had been found cooperative. They hadn't declared war; they had been really very friendly to Nazi Germany and under the heading of inter-American solidarity we pushed for membership in the UN for Argentina, successfully, I guess. He said after that happened word went out from the East Germans to all their underlings not to cooperate with the Americans. He told me the story but he did not make the connection that I did between our proposal to have Argentina as a member of the UN; and I don't know what significance to attach to that but I think it's worth putting into the record, too.

Q: Well now that you finished in London you came back to this country.

REINSTEIN: I came back to Washington and I had a hairy time getting here. My alternatives of transportation were to either come back on one of the Queens or to fly back. I elected to fly, thinking that would be faster, and I wanted to get home in a hurry. The trip took four days.

Q: [laughs]

REINSTEIN: We sat in London for two days, first waiting for the plane to get there from Germany to be able to take off and on the morning of the third day we finally took off and went to Iceland, then to Goose Bay and then we got almost all the way into La Guardia and La Guardia closed in and we got sent back to Manchester, New Hampshire, where we were unloaded. Now this "we", there were a total of about eighteen of us in a plane which did not have bucket seats. It was a cargo plane and all it had was a bench along each side and it had nothing to lean against except the curved side of the plane. Some of the people were in the militarthere were some enlisted men, some officerand they stretched out on the floor and slept. I just sat slumped on this retched seat. They gave us a box lunch in Iceland. I thought it was the most humane thing I ever had seen because if you ate the box lunch and the plane went down you would sink immediately; you wouldn't struggle in the water fifteen minutes freezing to death.

Q: [laughs] And you gave up the Queen Elizabeth for that, eh?

REINSTEIN: I thought that it would be faster than the Queen; it probably was at that. Anyhow, we wound up in Manchester, New Hampshire, and we were told nothing. In London I discovered something that I wasn't aware of before, which was getting accustomed to the military mind. There was a VIP (Very Important Person) lounge and not only a VIP lounge, a VIP restroom. I wasn't quite sure about the restroom. I wondered whether it was a joke and if you opened the door it was a broom closet, but the military doesn't make jokes. [laughs] I discreetly opened the door and discovered that it was in fact the restroom. They had WACs who dusted around and got coffee for us and offered us stationery to write letters and stuff like that. Anyhow, we got to Manchester, New Hampshire, where we weren't treated as VIPs; we were put in the men's barracks. It was nothing for them to just get off and get onto a mattress. A mattress was better than what I'd had before.

We slept for a few hours and we got up and went and had breakfast at the officers' mess. We just discovered that they were never going to send us off because La Guardia had been closed in for so long and there were planes that were coming around and waiting to land and they said that there was no point in taking off because when we got to La Guardia we would just circle around and wait until we could get in there. One of the colonels in our little group of eighteen passengers knew the commander of the base and he went up to see the commander of the base and got orders issued that we were going to be allowed to take off and we flew down to New York. It was a wonderful flight; this was in a DC-4, C-54, and we flew at a very low level and the foliage was the absolute tops.

Q: October, yes.

REINSTEIN: You could look down and see individual trees and it was the most marvelous view of New England foliage, one of the best I think I've ever had. And when we got to La Guardia we landed immediately. I had the good fortune that on the same flight there was an American lawyer who worked in London, who lived near the American base in which we were supposed to take off, and did take off, and we got permission to go and stay at his house the two nights. The rest of the people were all taken by bus back to billets in London and we went and had drinks and dinner in his home [laughs] with promises to be back there at seven o'clock the next morning, which we lived up to. Anyhow, once we got to New York we didn't know what our fate would be because you were lucky if you got a seat on a train between Washington and New York in that day and it was not unusual for people to have to stand for the whole distance. We not only got on the train but we managed to get seats, in coach of course.

I got home in time to brief the delegation, which was about to leave for Paris to carry on the negotiations about the reparations and the gold. They knew that my wife was about to give birth so the head of the delegation, who was James W. Angehe was from Columbia, a very distinguished academiJim wouldn't come into the house so I sat in the car outside of my house and gave him a briefing on what I had negotiated in London in preparation for their negotiations in Paris, which I may say, just as a footnote, went off quite successfully from the American viewpoint.

Q: And then you went back to the financial division, did you?

REINSTEIN: Well I went to the financial division, yes. It was difficult to pick up my work because I had really gotten out of it and technically I had been assigned to London, but this was an assignment and not a posting, in the Foreign Service sense. I was under obligation to return to London as soon as the negotiations could proceed, if they could.

I think that the next thing to happen was in this period of suspension of the discussions in the Council of Foreign Ministers, the discussions through diplomatic channels of policy toward Germany, through the French, took place. The French sent a delegation headed by Couve de Murville. I think Herve Alphand was a member of it; I can't remember. Couve did the talking, as I recall, and they went to the three capitals of Moscow, London and Paris. The discussions in Washington took place in December, as I recall. We were represented by, I guess, Jimmy Dunn who must've come back to Washington. I think he headed up the discussions.

The French laid out, in effect, their proposals for the partition of Germany. They had wanted to divide it into three or four parts. They wanted a special regime for the Ruhr, the Rhineland, and maybe southern Germany. Of course nobody knew exactly where you were going to have the line in the east. The Americans refused to recognize the Rhine for decades. But the basic point was they wanted to partition Germany and they wanted special controls in the Ruhr and the western industrial area.

Q: They didn't want to add any part of Germany to France, did they? The Saar, for instance.

REINSTEIN: The Saar was under occupation. The Americans offered to recognize the French?I think the Saar didn't take place until about September of '46. I guess it was part of the French zone of occupation but regarded as part of Germany. That came much later.

Q: How did the British feel about the partition?

REINSTEIN: Well, they were against it, as were the Americans. Of course in connection with the Morgenthau Plan, the whole question of how you dealt with Germany came to a head in a rather disorderly way that I've referred to in the past; there were ideas knocking around, and I think pushed particularly by the Treasury, of partitioning Germany. As I said before, the Morgenthau Plan, as such, never really received any serious consideration. I think the instrument through which the decision was made was probably JCS-1067. It was in the context of that document that the decision was made to deal with GermanI remember the phras"as a whole." The JCS-1067 was really the document which established the formal American position that Germany would be dealt with as a whole and that there was no question of partition. Questions about special controls in Ruhr we negotiated later

As I recall, the discussions with the French took place in December and Mr. Dunn had returned to Washington and conducted the discussions. It was a very small delegation on the American side. His advisors were James Riddleberger, Jacques Reinstein, and Charlie Kindleberger. People all with German names. [laughs]

Q: I was going to say. What, no legal advisor there?

REINSTEIN: No, we had no legal advisor. It was a matter of substance, not law.

Q: [laughs]

REINSTEIN: At any rate, we made crystal clear that the United States was opposed to the partition of Germany. The question of its borders is obviously one which was open to discussion but the French, in fact, had resumed authority in Alsace and Lorraine and then had been given control of their zone of occupation. We had a very polite conversation with them but we made it very clear that we were opposed to it. The French had already I think spoken with both the Soviets and the Britiswe were the end of the linand so they knew that there was no hope of partition, but we went through the motions I think more than anything else.

The next thing that happened was that Mr. Byrnes was concerned about what our discussions would be with the Soviets and the fact they weren't getting anywhere. The other important matter was the question of nuclear weapons. We had plans for internationalizing the control of nuclear weapons in the Acheson Lilienthal Plan. There are several versions of that plan, I guess, and I'm not familiar with them, which was which and what modifications were made at what time.

Q: Well, basically, as I understand it, what they suggested was that all nuclear weapons be eventually placed under UN control.

REINSTEIN: That's right.

Q: Beyond that I don't know any more.

REINSTEIN: It was internationalized controls of nuclear weapons. These things are very dangerous. In effect, the United States volunteered to give up its monopolwhat it was was a monopoly at the timas a contribution to the establishment of a peaceful international regime. The Soviets rejected that. They decided to get weapons for themselves.

Secretary Byrnes went to Moscow at Christmas of 1945 with two purposes in mind; one was to try and get agreement on the atomic weapons issue, and he took James B. Conant with him, who was long time president of Harvard and part of the Manhattan Project, and later ambassador to Germany. The list of Conant's accomplishments would fill a book. He was an absolutely, extraordinary, wonderful man. I got to know him very well later and admired him greatly.

Byrnes couldn't get anywhere on the atomic weapons issue but he did get agreement from the Soviets to resume the discussion of the peace treaties on the understanding that the participation and discussions would be limited to those countries which were actually in a state of war with the particular country concerned, which meant, in effect, it excluded France from the discussion at the Balkan Treaties. They had been at war with Italy. As a matter of fact, I remember when the telegram came in from Moscow reporting what had been agreed. Jimmy Dunn called me up to his office and we went over the telegram and began to figure out now what does this mean for us personally because we have to go back to London and begin negotiating. I guess the British, as the host government, proposed a date in January for the resumption of the discussions, at the level of the deputies. We went back to London, this time on the Queen Mary.

When I was back in Washington I did not go back to my office. Technically I did report back and took my seat in the financial division but I actually worked on peace treaties and had one unpleasant consequence which was that they had decided to move our division from this old apartment building to a relatively new building now occupied by the World Bank at Pennsylvania and Eighteenth Street, in a brand-new building, and I was given an office looking out toward the Virginia hills, which was a beautiful view except that the gas works were in the foreground. In those days they still made gas and coal and then would get it out of the ground as gas. One of the unpleasant consequences was that we made this move on the weekend of New Year's Day and we had to carry our classified files over there and the elevators broke down in the new building. So we had to trudge up ten flights of stairs repeatedly. I never, in fact, occupied that beautiful office because I was sent back to London.

While I was back in Washington I tried to get people to take an interest in the treaties and nobody took an interest. They thought it was some quaint idea that Byrnes had and if he wanted to pursue that, that was all right but they had other more important matters to deal with. So I really got nothing in the way of help. I was not in a position to commandeer help and people were busy with their postwar problems and other things so I got nothing. What I did is on the way back to London I drafted a paper on what to do with the Italian treaty and laid out a series of positions which I proposed to take. When I got to London I sent this back as a dispatch, I believe, with an eventually accompanying telegram to draw attention to it saying that we had these proposals which came from the delegation. I guess I got Dunn to approve the telegram. I guess he took my word for it. We probably discussed some major aspects, one of which would be that we weren't going to exact any significant reparation from Italy because we were supporting Italy and it would just be coming out of the taxpayer's pocket and we'd get into trouble with the Congress. So Congress would give us the money for the support of the Italian population and we were desperate to keep that because of the Communist threat. It really wasn't very difficult to arrive at some major positions. Anyhow, I laid out a set of proposals and told the Department unless they instructed us otherwise this was what we proposed to do. I never received any further communication from the State Department.

Q: [laughs] No. That's the easy way out.

REINSTEIN: Yes, that's the easy way out over that. There's a phrase for that that we use in the Department, but it doesn't come immediately to my mind.

We sat down and began discussions in London and there were two issues that we dealt with really. One was the Italian boundaries, the setting of the boundaries. The French wanted the Nicosian territories.

Q: Well the Italians had taken some from them, I think, in 1941; 1940 maybe.

REINSTEIN: It was a curious business. There were territories which were French speaking but which during the regime before people began to get excited about national frontiers and more a matter of who was sovereign in a particular area under the Roman Empire, there were these territories which had a special status in the relation with the king of Italy. I can't remember their names.

Q: Briga and Tenda.

REINSTEIN: Tenda and Briga. Tenda always came first. One of them was a hunting preserve. They were of absolutely no significance. It didn't make any difference which country they belonged to really, unless you thought that they had different ideas of what the prospects of the government were in relation to Communism. But the big question was what happened in relation to Giulia.

Q: To where?

REINSTEIN: Venezia Giulia.

Q: Oh, Trieste. Yes, I was going to ask about Trieste.

REINSTEIN: You see, the Venetian republic had consisted of three major provinces: Venice itself and its immediate hinterland, Venezia; the area northward, up toward the Alps, of which the principal city is Trent; and then the area in the Julian Alps known as Venezia-Giulia, which had quite a significant coastline and a significant Slavic population. Trieste, to put this in perhaps historical perspective, after the abolition of the Venetian republic by Napoleon, an act which was not admired by some of the British, at any ratl remember the famous poem by Wordsworth on the subject of the extinction of the Venetian republic - they eventually came under Austria-Hungary, and Trieste, which had been of no great significance in the Venetian days, was developed as a port for Hungary. This was the only seacoast Austria-Hungary had; Austria, originally, not Hungary. I'm not sure what the internal political pressures were within the dual monarchy, but I guess the Hungarians were pushing for a position of importance and this gave them a port which became the only port of the Austro-Hungarian Empire. But also it created access to the sea for Hungary, which Hungary had never had, which was bolstered by the building of the southern railway. They built a railway line down there to connect Hungary with Trieste. It became significant in the latter days of the Austro-Hungarian Empire.

After the First World War the Italians collared that part of the Hungarian territories, which included Trieste. Of course there was always the pulling and hauling over greater Serbia. Actually that was not Serbia at all, but Croatia. The southern Slavs, who had never had any unity at all, emerged as a rickety country from World War I. As we all know, the southern Slavs don't get along and they fell apart.

Q: Was there ever any talk about giving the South Tirol back to Austria?

REINSTEIN: [laughs] There was a brief discussion at some point. Giving it to Italy was a mistake which had been made by Woodrow Wilson in a meeting which he had with Italian Minister Orlando, at which they had no experts present. When he talked with his staff they were horrified and said that would give away South Tirol. That historically speaking is a violation of the way in which you proposed to lay out the borders. And they tried to persuade Wilson to reverse his position and he said, "No, I've given my word." Mr. Wilson had principles, but he had different principles and one of his principles was that he'd given his word and then that was more important than the other principle which was to have kept the South Tirol in Austria.

At one point in the discussions, I think probably in London in 1946, Cavendish Cannon, who had been head of the Southern European division, and I went to Jimmy Dunn and proposed that we reverse this historic injustice and give the South Tirol back to Austria. Jimmy Dunn looked at us and said, "What? Those junior grade fascists? No!"

Q: [laughs]

REINSTEIN: And that was the end of the discussion.

Q: Reason played little part obviously.

REINSTEIN: So that was the only discussion I know of. Maybe they wrote some papers about it in the postwar planning phase, but I never saw them anyhow. The question was raised but it didn't get very far.

The big question was Venezia Giulia. What had happened there was that the allied forces converged on the area from two directions. The Americans and I don't know whether the British?

Q: The British went up to the eastern part of Italy.

REINSTEIN: It was the British who moved in there? The British forces?

Q: I guess.

REINSTEIN: It would've been the 8th Army.

Q: The British 8th Army.

REINSTEIN: They got to Trieste and took Trieste and a little bit of the suburbs and the Yugoslavs, Tito's forces, moved in and captured all the seacoast and they brutally ejected the Italian population from cities along the coast which had been Italian for centuries and centuries. The influence of the Venetian republic was completely eradicated and the Yugoslavs wanted to control Trieste. We and the British were not about to agree to that. Q: The Soviets were still backing the Yugoslavs, I believe, at that time.

REINSTEIN: Oh yes. Yes, they backed the Yugoslavs. And this, of course, immediately was written as a major topic for discussion in our discussions of the Italian treaty. I guess we proposed to send a commission down to examine the situation on the spot. Phil Mosley was to be the head of the American part of that commission. There was a long discussion. Then we got into the long discussion because the Soviets proposed that the commission go into the adjoining province. We refused. Now we made a counterproposal; we said all right, the commission can go there on two conditions. One was that they visit some areas which were under Yugoslav control and the second was that they would only go if time permits. The discussions went on, with the deputies, for about three weeks over the phrase "if time permits." Of course, "if time permits" meant that we and the Brits and the French could block the commission from going into the Italian province and so it would nullify this attempt by the Soviets to stick a wedge further into Italian territory.

Q: Who was leading the Soviet delegation there?

REINSTEIN: The Soviet ambassador to London. A rather nice guy actually. [laughs] He didn't enjoy his job at all. I think he was from the regular diplomatic service and he was thrown into this job. I'm trying to remember his name. Anyhow, he had his instructions. The whole thing was held up for three weeks over this phrase "if time permits." [laughs] There was a song that was popular at the time, "As Time Goes By." I had the very pleasant experience at that time that the delegation had been enlarged and included my brother-in-law John Campbell. John and I lived together; we had a flat on Piccadilly. It really was my first opportunity to get to know him well. He died.

Q: Was he the historian?

REINSTEIN: That's right. John C. Campbell. We had very close and wonderful personal relations.

John was there as the Balkan expert. He had specialized in Romania particularly.

The deputies had a target date for having complete drafts of the treaty. This was what the deputies were supposed to do. They were supposed to have complete drafts of the treaty, agreed among the four poweror the three powers, as the case might bready for a peace conference on the first of May.

Q: Whoa.

REINSTEIN: The treaties will be done, most surely one by one, as everyone admits. The arguments will all be resolved if time permits. [laughs]

Anyhow, the Soviets finally agreed to the term "if time permits" and the commission went down there where they were subjected to demonstrations by the two sides. [laughs] They couldn't agree on a report, of course. [laughs] One of the things I remember about it was Leonard Unger was one of the people who was down there and I remember after they returned from the mission and we were on our way to the Foreign Office for a meeting and we passed by Buckingham Palace; there was the usual crowd outside looking toward the palace before the changing of the guard; as we drove by, Len said, "All those people are looking the wrong way." [laughs] Anyhow, nothing came of that.

They set up commissions for the economic divisions of the Italian treaty and the Balkan treaty; we never got as far as the Balkan treaty, I don't think. First off to do in the Italian commission was to find out who had claims against Italy. So the economic committee was instructed to draft a communication to countries to invite them to notify us if they had claims against Italy. We sat down in the committee and we immediately got into a disagreement over what countries should receive this communication. I said this could be sent to all countries which had been at war with Italy, and the Soviets said it should go to those countries which had suffered from Italian aggression, which would?

Q: Include Ethiopia and a few others.

REINSTEIN: But it would exclude any western country which had been at war but hadn't fought. It also would've excluded Brazil.

Q: Which did fight in Italy.

REINSTEIN: Which did fight. I was not about to agree to any formula which would exclude Brazil. I said I don't know whether the Brazilians had a claim or not but they had fought in the war and they were entitled to a voice in the settlement. We sat and kicked that around for sessions, hour after hour after hour. I was determined to make it clear to the Soviets that they were not going to win anything by persistence, that by simply repeating their position over and over again they weren't going to get their way and I was not going to give in. They had their instructions.

The first time that I had a meeting Jimmy Dunn was a little bit uncertain, because I had never dealt with the Soviets before, if I was up to handling relations with them. So he sent Chip Bohlen along with me to be my advisor. Well, without any consultation with Chip I took the Soviets on right away on this issue and Chip came to a couple of meetings and he finally said, "You know what you're doing. I don't see any point in my being here." [laughs]

Q: Well that was a high compliment, you know.

REINSTEIN: So I never required any political assistance thereafter.

The British and French got terribly tired of this discussion. They were very itchy and I think they might have been inclined to give in to the?

Q: Just to get some action.

REINSTEIN: Yes, "let's get on with the subject," because after all Brazil wasn't of any interest to them. This is an interesting commentary on the kind of positions that we were taking. They flowed from no specific instructions. Oh, I had one instruction, unwritten, and it's worth noting because it's very important. At the very outset, when I first started, Jimmy Dunn told me not to coordinate positions with the British and the French.

Q: Oh.

REINSTEIN: To take whatever position seemed to be correct and not to establish a common western position. It wasn't long before we were referred to as being the Western Bloc and the like. The Western Bloc was created by the Soviets in their own imagination because our position, and the British and the French positions, were not the same and wherever there was diversions, the Soviets would always take up the American position and support it. Always. Always, in my area.

Q: Against the British or French position?

REINSTEIN: Against the British or French position, yes. That didn't happen until later at the discussions in Paris. Anyhow, I just sat tight and finally we reported back to the deputies that we had discussed this issue and had not been able to reach agreement, this agreement being what it was and explained, and Jimmy Dunn said, "I refuse to accept the report."

Q: Oh.

REINSTEIN: So the result was there was no communication ever sent out. Somehow at a later stage we agreed on the composition of the people who would attend the peace conference, but no communication was ever sent out asking people for their claims against Italy. We began some kind of a discussion, I guess, in the economic committee. I can't remember what it was. It didn't amount to much. Nothing really happened with the discussions with the deputies and so there was consultation among the powers and they decided to have a meeting of the foreign ministers to see if they could resolve whatever problems there were and get on with drafting the treaties because they had this target date of May first, which they had agreed on. I don't know where that agreement was reached. I just don't remember; but there was an agreement reached that they would hold the peace conference involving the different countries that were at war.

Q: It could've been at Potsdam.

REINSTEIN: No, no. It came along later.

Q: After that?

REINSTEIN: It was in the first breakdown.

Q: Which was in October of '45.

REINSTEIN: It was at a later date. Whether it was in December or whether it was in January, I don't know, but anyhow they had agreed on a timetable for getting on with the work.

Q: During these discussions were you reporting to our embassy in Rome and getting their input as to what they thought would be equitable?

REINSTEIN: No. I might go back to something I skipped which is that when I started working on the treaties in August. I had been very closely associated with the initial Italian representation in Washington.

I'd like to go back to something I did in August of 1945. When the Italians first came to Washington, or had any connection with us at all, I got involved because of my involvement in financing their food deficit. Let me go back a little farther and say how Italy was governed as we progressively liberated it, or occupied it, depending on how you want to regard thaliberation I think would be the more proper terof course the general pattern you had for civil administration was that the military itself conducted civil administration behind the lines of combat. They had to have complete control, for understandable reasons. Once you moved forward and got away from the actual fighting this was not an appropriate function for the army and, in fact, a distracting one from their main mission. And so this is where in an occupied area you would get military government. In the case of the countries with governments in exile, the intention was to turn governing powers over to them if they could manage it. It depended on their reception by the local population.

Q: Perhaps you could elaborate on our policies and difficulties we encountered after the Second World War.

REINSTEIN: We were talking about the civil administration in liberated and occupied areas. This presented problems particularly in two countries, in Italy and in France. After the invasion of Italy Mussolini continued in power in the areas which were administered by Italian authorities, although much of the fighting was done by the Germans as they moved up the peninsula. For political reasons it was decided that an alternative Italian governmental organization would be useful from the allied viewpoint and they managed to get the king, who I guess had escaped and had been in exile, to come back to Italy and they created down in the boot of Italy, in an area which is of no military significance, an area which was placed under local Italian administration under the king, the royal government, and that area was gradually extended northward. I don't remember to what extent the king played any part.

Q: This was Victor Emmanuel, the king.

REINSTEIN: Victor Emmanuel, the second, who later was rejected by the Italians and they created a republic.

At any rate, it was a tiny little thing at the heel that was known as the king's Italy. And then other parts of Italy were run by allied control authorities. As a matter of fact, there were different parts of that and they were rather badly coordinated, as I remember. In practice, almost everything in Italy was run out of Washingtobut it worked. The major problem we encountered was in France. The question of how to deal with France arose acutely at the time of the Normandy invasions. In the case of every other country liberated or occupied there was a civil affairs directive which determined how the country was to be governed. In the case of France there was no such directive because Roosevelt and Churchill could not agree on how to deal with de Gaulle. The result was that at the time of the invasion there was no understanding as to how France would be administered.

In fact, there were rather dramatic developments that took place at that time, of which Washington was completely unaware. It all happened in London and went on between the British, General Eisenhower, and General de Gaulle, and without knowledge in Washington of what was happening. The administration of France involved a problem because de Gaulle had purported to set up what in effect was something like a government, a French Committee of National Liberation. In fact, he had no resources and while most of the colonial governors and military commanders, which was only in Africa really; the French colonies in Africa, because the Japanese had overrun the Asiatic territories, this didn't amount to much. It didn't amount to much in terms of military force and it was not clear to what extent it attracted any significant support in France itself.

There had been a vigorous opposition to the Germans during the occupation. There was sabotage. The British were of major assistance in its direction. The opposition was able to mount significant military resistance in at least one area. This was particularly true after the North African invasion and the final cutting off of relations with the Vichy government. So you had a strong resistance which did not really accept de Gaulle at all and vice versa. De Gaulle thought, apparently, after he moved from West Africa, from Dakar, Senegal to London, that all these people should rally to him and take his orders; and they were not inclined to do so and they operated independently and in cooperation with the British. The opposition of the resistance to de Gaulle proved to be a continuing division of a bitter kind for many years after the end of the war. I'll come to that later.

At any rate, what happened was very curious. Churchill and his government, apparently, not having been able to reach agreement with Roosevelt, seem to have operated on his own. And to have worked with General Eisenhower on what was to be done at the time of the invasion. The night of the invasion it was planned to have a major propaganda effort directed at the French people urging them to support the invading forces, and arrangements were made to broadcast to the French people and also to have airplanes fly over France dropping leaflets urging them to cooperate with the invading forces. Of course a number of people were to go on the air, including General Eisenhower, and the British asked de Gaulle to go on the air also. What happeneagain, let me emphasize that this was all completely unknown to the American authorities in Washington; we learned this only about ten days later, I would say. Let me give an account of what actually happened and then I'll come back to how the Americans learned about it.

As I explained, in the case of Italy it was decided for political reasons to create an Italian governmental authority on our side of the line. They had no direct relationship with the British and American governments; however, their relations were only with allied force headquarters. At some point they sent a mission to Washington headed by a Neapolitan banker, whose name I forget, accompanied by a young Italian diplomat whose name has become quite familiar, Ortona.

Q: Oh, yes.

REINSTEIN: Who was not tarred with a fascist brush. The banker came in the hopes of getting some kind of loan. In practice all we did was to draw on the account in the Treasury which I've described. I think I'd like to mention one thing and this will require me to go back. Ortona stayed on in Washington and was really the only connection we had with the Italian government. It was an unofficial connection; he had no recognized diplomatic status.

Q: This was the government of the king that he had his relations with?

REINSTEIN: Yes, the government of the king. I don't know whether the king had much to do with it.

I remember what Washington wanted us to say was that on what happened on V-J Day, that when I was getting organized to go to London, I called Ortona in; after I'd asked him to come to my office on G Street and the news of V-J Day broke out and mobs were descending on the White House, I called him up and told him to meet me at my house instead because I could see it would be impossible to get anything done, or maybe even to get together, and I got home in a hurry and met him there and talked to him about how I thought the development of the treaty with Italy would proceed. And I made one point to him which I asked him to report to his government. He's written a book about his experiences and I did not find any reference to this incident in the book, but what I said to him was that I thought it would be a great mistake for the Italian government to base its policy on the possibility of a breakdown between the western powers and the Soviets; that if there were a breanow in time this would be two weeks or three weeks after Potsdam in 194it would not be over Italy; it would be over something more important, probably over Germany. Therefore, it would be wise for his government not to base its policy on expectations that the allies would come to a major disagreement simply over the issue of Italy.

Now, I think that we should skip back to where we were in the discussions on the Council of Foreign Ministers.

I think where we were was that we were not making any progress in the negotiations by the deputies in London. There had been the mission to the Venezia Giulia to examine the situation on the spot but no progress of any kind was being made on the substance of the negotiations. A decision was made by the governments to have a meeting of the foreign ministers beginning in London, shortly after Easter in 1946. James Clement Dunn, who was the deputy to Secretary Byrnes and the head of our negotiations in London, decided that it would place us in a good position to negotiate in Paris if we presented complete drafts of every treaty. This presented us in the economic field with the need of working out proposals on subjects which we hadn't studied. We had a period of about three weeks in London in which we worked out the drafts of all the technical provisions of the economic policies.

Q: Now which countries are we talking about, Jacques?

REINSTEIN: We're talking about Italy mainly, but also the three Balkan countries.

Q: Hungary, Bulgaria, and Romania.

REINSTEIN: The main issue was Italy and the Italian treaty. As I've mentioned, I had as a staff only two people. We managed to capture two additional people. In one case we had no lawyer and so finally Mr. Dunn complained bitterly to the State Department about the fact that we had no legal advisor and the Department graciously decided to lend us a legal advisor for three weeks.

Q: [laughs]

REINSTEIN: Windham Bishop. Bill Bishop. When he got to London Mr. Dunn just kept him there. Mr. Dunn, being the deputy of the Secretary of State, could do that.

Q: [laughs] I see.

REINSTEIN: The next thing that happened was that we had a visit from another lawyer who had worked with me during the war, Covey Oliver. Covey was attached to some office in the State Department, I think; maybe the one with Charles T. Kindleberger that dealt with economic problems of the occupied areas.

Q: He was also a lawyer, as I recall.

REINSTEIN: Oh yes. Covey was a lawyer, a very good lawyer. He had been in Germany for some reason and stopped off in London to visit and he talked with us about our problems and I said to Jimmy Dunn that Oliver had been very helpful and he said, "Well let's keep him." [laughs] So he simply sent a telegram to Washington saying, "I have ordered Oliver to remain here and assist us with the peace treaties." [laughs] Covey didn't object to this; as a matter of fact, he went on to Paris with us and there he met the lady he was going to marry. So it had a very happy ending.

At any rate, for a little background on how to deal with such complicated matters as patents and trademarks and a variety of other technical subjects, we sat around in my office at night. During the day we were occupied in the fruitless meetings with the Soviets. So any time we had was at night. And over a period of about three weeks the five of umyself, Julian Shira, Bill Bray, Bill Bishop, and Covediscussed and hashed out and came up with what we thought were reasonable solutions for these technical problems and incorporated them into treaty language so that we were able just before Easter to complete the drafts of all the treaties. The interesting thing is that most of that language was adopted and as far as I know never gave rise to any particular problems.

Q: You were not working with the British on this at all?

REINSTEIN: No, no. This was purely?

Q: Purely American.

REINSTEIN: Dunn wanted this to be an American initiative, for the Americans to make proposals of complete texts of every treaty and put them on the table as a technique for pushing the negotiations on. Actually, Dunn was an extremely brilliant diplomat. I may have said before that he had a reputation of never reading any telegrams, never reading any papers, but he always seemed to know what was going on and he had an extraordinary sense of how to get things done. This is a rare gift in the government and he was an absolute master at it, which explains, I think, his close relationship with Cordell Hull, which really projected him into his position of being deputy to Jimmy Byrnes in the peace treaties. It was a very useful enterprise.

We went to Paris on Easter Monday. We didn't really finish the drafts of the treaties until about Good Friday or something like that. It was an extraordinarily wearing experience. I can tell you on Good Friday night we came out of the office and I was so exhausted that I sat down on the curb and cried. I was just so worn out by the process of trying to go through and make the right decisions and come up with a sensible language for these drafts. We were flown down to Paris on Easter Monday in a military plane, maybe there was more than one flight. I remember I was on a military flight, on a C-47, and the pilot flew us over the Normandy beachheads and we were able to look below and the areas were still completely cluttered up with the damaged material of what had been destroyed in the landings on the beaches and inland; as a matter of fact, even some years later, when I was in the embassy in the '60s, they hadn't removed everything but there were some things gone and you'd find a German tank in somebody's farmyard because he hadn't been able to persuade the French authorities to tow it away and it just stayed there. But we had an extraordinary view of the landing sites.

Then we landed in Paris and the French were very decent to us. The German commander had taken over one of the finest hotels in Paris, the Meurice. The French had continued German requisitions for a lot of things when they came in and took over the civil administration; and they found it quite useful to continue to hold on to be able to control things that had been grabbed by the Germans. The hotel was still under requisition and they turned the whole hotel over to the United States to use for offices and for residences. I must say we lived very high off the hog for a while because the staff of the hotel was intact, including the kitchen staff, and we got food from the army commissary and we got fed in ways that really seemed to go too far sometimes. At one point we had a seven-course dinner winding up with Baked Alaska and I had dinner that night with Sam Reber and we thought this was too exaggerated and we complained about the scale. We knew that the French population was short on food and we thought if they knew the Americans were eating like that it would not rebound to our credit. We got our way because when the Secretary of State went back to Washington we were put on French rations and the French scale; the French required that every restaurant produce a dinner for 120 francs. The official rate of exchange I think was about 127 francs to the dollar. The open market rate was about 200 francs. We were getting in effect a one dollar dinner and the one dollar dinner consisted almost every night of fish.

Q: [laughs]

REINSTEIN: The foreign ministers that argued about the peace treaties and there were two issues with respect to the treaties that began to emerge as kind of key issues.

Q: Excuse me. We did not talk about a treaty with Germany; these were only treaties with the other countries.

REINSTEIN: No, no. We did not talk about Germany. There was a discussion of Germany in July but that comes along a little later in the chronology, I think. That, incidentally, preceded the Byrnes speech.

The issues began to emerge, and they're not entirely clear to me in my recollection just when they began to come to a head; I think it was probably a little later.

Q: By the way, Jacques, where did you meet in Paris?

REINSTEIN: We met at the Palais de Luxembourg, which is usually the seat of the French senate but at that time they only had a provisional national assembly which met in the chamber of deputies. It turned out to be very helpful because it had a big room in which you could have major meetings, which had been the throne room of Louis Philippe. We only met at one end of the enormous room [laughs] and then there was a small adjoining room which I think was called the Salle Victory and that's where we had the smaller ministerial meetings which had restricted attendance. As a matter of fact, we met in both. The restricted meetings were always held in the Salle Victory room and other meetings, at which you could have as many advisors as you wanted, were held at one end of the larger room. We used the committee rooms of the French senate for committee meetings. As a matter of fact, [laughs] one day I was sitting in one of those rooms and somehow my fingers fell under the tabll'm not quite sure whand I found a slip of paper. It was a little loose and so I pulled it out and looked at it and it was German. The Germans had used that and you know how the Germans keep track of everything in great detail, and this was their identification of a particular piece of furniture, I guess. [laughs]

Very often we sat in the seat of the Germans. The French made available to us a fleet of drivers of cars. I'm trying to remember the name of the cars; I guess it was the Renault which had the same body style from 1923 until about well into the 1950s or something like that. It was very low and you had to go down in.

Q: It was the Citroen, I think.

REINSTEIN: No, I think it was the Renault but I don't remember. Anyhow, these had been made for the Germans but when they manufactured them they also put some things in that made them break down occasionally. So we suffered from that. [laughs]

Q: From a few problems.

Tell me, Jacques, what happened to those treaties you had worked on so hard in London?

REINSTEIN: They were put forward as the American proposals and there were counterproposals to various articles which were put forward by the Soviets and also by the British and French. What happened was that the various economic provisions were referred to commissions. There was an economic commission for Italy and an economic commission for the Balkans. I was the American representative on both commissions. I was the American representative on every committee that had an economic function. As a matter of fact, thinking back, we had a committee in our discussions on how to deal with Trieste. It was supposed to set up a free port and there was a committee set up to draw up a statute regulating the status of the free port. I was the American representative on that. I knew a little bit about shipping. My British opposite number was a famous British historian, Arnold D. Toynbee.

Q: Oh, yes.

REINSTEIN: Who knew absolutely nothing about shipping or ports or anything else. We worked on trying to draw up a statute for the free port of Trieste. Then in Paris they decided to set up a commission on Italian reparation and I was the American representative on that. This was the first round of the ministerial meetings in Paris and I was the American representative on that. The British representative was Sir David Whaley, I think. I'm not sure who the French representative was; it may have been Jacques Rueff; and the Soviet representative was the second deputy foreign minister, Dekanozov, the thug who was sent down to overthrow the government of Romania after Romania was liberated and they set up their own government. It was too free from the Soviet view and so Dekanozov was sent down to engineer the creation of another government suitable to?

Q: You mentioned that. It reminds me, did any of the governments that were concerned herthe Balkans and Italhave any representatives who were there buzzing around you people trying to get information or trying to help out? Were they kept advised as to what was going on in any way? Were any questions asked of them?

REINSTEIN: No, the general idea was that the four powers would draft treaties of peace. Those would be submitted to a peace conference which would have only the countries at war with the enemy countries. The Soviets were asking for $300 million in reparations from Italy. $300 million U.S. dollars was the way in which they formulated their demand. This seemed to be a standard amount that they wanted.

Q: In lire they were not interested in, right?

REINSTEIN: Well, lire was of no value. They wanted things denominated in U.S. dollars. The U.S. dollar was, as it has been for so many years, the international standard of value. Other currencies had depreciated. The U.S. dollar continued to be linked to a gold value until President Nixon cut the connection.

Q: In '71.

REINSTEIN: But the value of the U.S. dollar was fixed at the rate that it had been fixed by President Roosevelt and was the international standard of value. By using the U.S. dollar you fixed not only a financial amount, but you fixed an amount in terms of what the U.S. dollar would buy. In the case of Italy, before Italy there had been arguments about German reparations and that was all dealt with by the Potsdam Agreement. At least what was regarded as being the first stage because the issue continued to be raised in the various conferences with the Soviets at a later stage. The Soviets were asking for $300 million in reparations from Italy. This was an extraordinarily distasteful proposal to us because we were giving financial aid to Italy and what this meant was that we would be putting things in and the Soviets would be taking things out; and this was just politically impossible for us to live with in relations with the Congress. If we agreed to anything like that the Congress would just cut off the money for our civilian supplies to keep Italy going and to rehabilitate it. This was an issue on which we could see no resolution with the Soviets.

My superiors, and again I may emphasize that there were no delegation meetings, that the top people apparently met with the Secretary and made decisions which were handed down to us, but I was never present at any meeting with the Secretary, a delegation meeting, at which policies were discussed. At any rate, a decision was made to agree with them that there should be an Italian reparation commission and I was appointed as the U.S. representative, as far as I can recall, without any instructions.

The Soviets put forward their arguments that the Italians had divisions on the eastern front and they had participated significantly in the war and had created damage. The result of the discussion of the reparations commission was that we reached an agreement, and this was a major sticking point for the Soviets.

Q: Jacques, give me a little flavor of how that meeting of the Council of the Foreign Ministers went, about how you participated, who was in the room, how you sat, and so forth.

REINSTEIN: Well we had general meetings in which the delegations could bring as many people as they wanted and we had restricted meetings in which we only had limited participants at the table and very few advisers were present.

Q: Were you present in those restricted meetings?

REINSTEIN: I was present at most of the restricted meetings, yes. The two principal advisers were Sam Reber for political matters and I.

Q: What was Sam's job at the time?

REINSTEIN: In Washington?

Q: Oh, he was from the Department.

REINSTEIN: He was from the Department.

Q: It may have been western European affairs.

REINSTEIN: It may have been western European affairs because he was not the Italian desk officer. He was higher than that. He was a higher ranking officer than Johnny Jones, who was the Italian desk officer. The head of the southern European division was Cavendish Cannon. Sam had been I guess a general western European expert and I'm not sure exactly what his job had been. Anyhow, Sam was the political adviser and I was the economic adviser. Each delegation had five places at the table and you had the secretary and his deputy, Jimmy Dunn; Chip Bohlen sat next to him, and then there would be two other high ranking officers. And then Sam Reber and I sat immediately behind the Secretary.

I haven't said anything about my personal relations with Mr. Byrnes. I think an important thing to remember is that Mr. Byrnes had been a senator and in those days senators had very small staffs and they dealt with an awful lot of matters by themselves out of their own knowledge and they were used to having a very small number of people to deal with. They didn't deal with large numbers of people. It was completely different from what you have now. He had a secretary. He might have his wife as secretary because that might help with the household finances, and maybe three or four other people in the office; not very many people. So the senators were used to dealing with small numbers of people and Mr. Byrnes obviously felt at home dealing with small numbers of people and forming direct relations.

I remember in the first round of meetings in London in '45 he had been given an adviser who was to deal with the internationalization of rivers in Europe, which was a matter of very keen interest to President Truman. Truman wanted to be sure that something was done and they found a fellow who was an expert on that subject. Well Byrnes took a dislike to this fellow and he was banished. [laughs] Byrnes apparently decided I was a person he could give confidence to. Sometimes in meetings a subject would come up and he would turn arounReber was on the left side and I was on the right sidand say, "Jacques, what's our position on this?" If it was a subject which we hadn't taken up, the position was the one I came up with. [laughs] It became the American position off the top of my head and whatever I said to the Secretary, he would turn around and then he would use it right away without any question. There was no consultation about it. He would ask me, "What's our position?" and I tried to give him the best advice I could.

Q: That's a tremendous responsibility, Jacques.

REINSTEIN: I had really a very close working relationship with the Secretary. He reposed great confidence in me.

At the second ministerial meetings the discussions continued to drag on without results, but it did emerge that there were two key issues. One was the Soviet demands for Italian reparations and the other was the peace conference. The original idea had been that the four powers would work out agreed texts and they would submit those to the peace conference. Well it was clear at this point that there would be no agreed text. On the Fourth of July we had a restricted meeting which began at four o'clock in the afternoon and Mr. Byrnes said, "I suggest that we sit here until we reach agreement on two subjects. One is Italian reparations, and the second is the beginning date of a peace conference." The second proposal clearly, by that time, meant that we would go to the peace conference without agreed drafts. Since the peace conference would be made up more of countries who were friendly to the west than to the Soviets, the Soviets would be outnumbered in this way. And publicly. At any rate, we had this meeting which went on from four o'clock in the afternoon until one o'clock in the morning, with occasional breaks at which the French served champagne and small sandwiches. [laughs]

Q: How nice of them to honor our national day with champagne.

REINSTEIN: Well, we had champagne whenever we had a break.

Q: So they were all our national days. [laughs]

REINSTEIN: This was the French national curriculum.

Q: [laughs]

REINSTEIN: I've been to a meeting in Paris at expert level and went around in somebody's apartment, and we began at eleven o'clock in the morning, and the first thing that happened was that champagne was served.

Q: [laughs]

REINSTEIN: At any rate, I don't know where this idea originated, but between Byrnes and me, we came up with a formula which was that the Italian reparations should be paid by goods for which the raw materials were furnished by the Soviets and processed by the Italians. In other words, the Italians would do the work but there would be no direct link between American aid to Italy and the product which the Soviets got. There was no direct visible connection, whether it was the U.S. putting something in or the Soviets taking it out. Somehow Byrnes and I hit on thimaybe in this meetinand we began exchanging drafts in longhand while the discussions were going on and at some point he would hand me a draft and I would work on it and hand it back to him. Finally I remember him handing me a handbook with all these scraps of paper and he finally handed me this scrap of paper, turning as he did, you know, as I was saying, and he said, "Jacques, what about this?" I looked at it and I went over it very carefully with an eye on the congressional reactions and I finally handed it back to him and I said, "Mr. Secretary, I think we can agree to that." I guess that proposal had been on the table or something. Anyhow, he turned to Molotov and he said, "The United States agrees," and that was it. And that was the formula which went into the treaty.

I've always wondered whether the Soviets got anything much out of this. They attached great importance to having words in the treaty and they said Soviet public opinion would not understand it if they didn't get reparations. Well, you kind of snicker about that, Soviet public opinion, but you had to recognize they had a point. They had a point and it was important to them, I think, to get language into the treaty which had some recognition. Whether they ever actually in fact got anything out of it, I don't know. After the treaty I got moved on to work on Germany and Austria and that and never found out what happened. They may not have gotten anything except a document which they could use domestically. At any rate, they then, having made that agreement, which sort of unlocked the issue, it was simply a matter of the date and they fixed the date, I think, of July the 28th.

Q: That early for the conference?

REINSTEIN: Yes, well you had to send invitations out to the countries and the like.

Q: But this was already July, wasn't it?

REINSTEIN: This was the Fourth of July.

Q: The Fourth of July and we're talking about the end of July then.

REINSTEIN: The end of July, but there were other factors involved here; the first meeting of the general assembly of the United Nations was coming up in New York in something like September.

Q: September of '46.

REINSTEIN: So that had to be taken into account.

Q: I wanted to ask you: the United Nations was only a year old at the time of these conferences. Did it play any part at all or show any interest?

REINSTEIN: Oh no. The United Nations had nothing to do with this at all because under Article 106 of the United Nations Charter the United Nations was excluded from dealing with any matter which the countries at war might adopt with respect to the former enemy countries. In a sense, the Council of Foreign Ministers has seemed to ml don't know what the concept was of the people who came up with it in Potsdaa kind of counterpart to the UN. It was to deal with matters emanating from the war which were excluded from the jurisdiction of the United Nations. If it had worked it would have been a great idea.

Q: I believe there was a discussion of Germany at this Council of Foreign Ministers in Paris.

REINSTEIN: The French finally managed to get the ministers to agree to talk on Germany. It was a one day discussiol think in July; if it wasn't in July it had to have been in probably late Junwhich was the first discussion, in the council, of Germany. At that point de Gaulle had resigned earlier as president of the French republic, and George Bidault, who was the foreign minister, had been elected president. He had the dual job. He of course represented France. The French had been told in the discussions through diplomatic channels in the end of 1945 that the other three powers would not support chopping Germany up. But the degree of control that would be imposed on Germany was less vague, I think; and in particular, the French ideas of having special controls on the Ruhr and maybe other areas that hadn't been explored. The other three powers had said we're not going to break up Germany. The general idea and policy toward Germany had really not come up. All you had was what were discussions on policy that went on in the Control Council in Berlin. So this was, I guess, the first substantive discussion of Germany.

A subject which did come up very much later in Byrnes' proposal was the treaty for the disarmament of Germany that he made during the peace conference when it had become apparent that things were not going to work out in Berlin. At any rate, it was a kind of brutal meeting in a way because Molotov, it seemed to me, who was just sitting there, went out of his way to be about as nasty as he could be to Bidault. I've been to a great many international meetings and normally they aren't really nasty to each other, but Molotov, for whatever reasoFrench internal politics, the position of the Communist Party or whawent out of his way to be particularly nasty to Bidault, who was pushed into the position of his governmental jobs as head of one of the major political parties, the Catholic Party.

Q: The MRP, I think.

REINSTEIN: The MRP. It really brought the German ghost into the meeting. Nobody ever talked about Germany. Nobody had ever suggested that Germany had any relationship to anything that was going on here. But the German ghost really appeared for the first time and Germany then began to be a factor in the discussions.

Q: In that one day meeting, Jacques, did you get a glimmering from what Secretary Byrnes said, about his views as they would be laid out in Stuttgart in a few weeks that changed our policy in Germany?

REINSTEIN: None at all. I'm not sure if there was a change in policy because, as I said earlier in our conversation, the original JCS-1067 had been conceived of as a document only for the very beginning of the occupation and not as a document for determining our policy toward Germany. It had only been possible to agree on that within the American government on that understanding, that you weren't really apart. You were going to maintain Germany as a country; you were not going to subdivide it. These were merely instructions for the first phase. JCS-1067 went on for years [laughs], far beyond what it was originally intended to be. We really had not worked out our policies with respect to Germany. As I mentioned earlier, the experts in the Department were all shocked by the Potsdam Agreement, which we felt de facto divided Germany. The determination of what you were going to do was something that was really for the future. The Stuttgart speech was presumably inspired by Washington, and I imagine by people like Will Clayton.

Q: Who was then Undersecretary of State.

REINSTEIN: For economic affairs. He was the assistant secretary for economic affairs.

Q: No, he was Undersecretary.

REINSTEIN: He became Undersecretary in the fall and Willard Thorpe became the assistant secretary. At the time of the peace conference he was my immediate boss and I began taking orders from him and not from Jimmy Dunn. We had no idea what was going on in Washington, except to the extent that you could get some feeling from reading repeats of telegrams that were sent; and at that particular time instructions from Washington went to Lucius Clay through military channels; and the military telegrams were not available to us so we really didn't know what was going on at all.

So I think that the ardent inspiration of the Stuttgart speech clearly came from Washington, most likely from Will Clayton and his associates in the department. Very good people like Charlie Kindleberger, for example. Willard Thorpe. I guess Will had arrived there by then.

Q: Why would Will Clayton have taken such an interest in this? He, after all, was a cotton broker from Houston. What was his reason for being so staunch on the German problem?

REINSTEIN: Well Will Clayton was in Potsdam. Will Clayton was already in the State Department before Potsdam. He was a high ranking official in the State Department, was in Potsdam; he was the top economic officer of the department and he was highly involved. I told you earlier that when we began after Potsdam, he began showing indications of disenchantment with Potsdam in the telegrams we were writing. We got reproved in a telegram which came from Will Clayton.

You asked about the Stuttgart speech. As I said, we had no information, no inkling. The main thing, as I recall, in the Stuttgart speech was the statement thaand this was very importanthe levels of industry which had been fixed by a general agreement with the Soviets were only for the purpose, as I recall, of determining what plants were available for removal from Germany as reparations. The level of industry was to fix that minimum amount that was necessary for the function of the German economy, and that plant material above that was available for removal as reparations in kind. The Stuttgart speech in effect said that these levels were not continuing levels, but that Germany would be allowed to grow and add additional plants, that the German economy was not to be fixed at this low level; and that was, I think, the major thrust of the Stuttgart speech. But it in effect indicated that the industrial resuscitation of Germany was part of our policy.

Germany came up very directly in Paris in another way, which was a recognition I think by Byrnes, that you could not evade the German question. The theory at Potsdam, as it was explained to me, was that Germany and Japan were very difficult and therefore you put them off and you made peace treaties with the Italians and the Balkans, which would be easier, and you put these other questions aside. It took about a year for recognition to sink in that you couldn't evade the German issue in dealing with Europe, and that without some understanding on Germanof a limited kind, at any ratyou would probably never get agreement on the Italian treaty or these other treaties. Nothing would ever get started. So Byrnes put forward in September the idea of a treaty for the disarmament and demilitarization of Germany and that it would be agreed on for a period of twenty-five years, when Molotov, in his usual negotiating manner, began stuttering about that. Molotov was a great stutterer. Byrnes said, "Alright, make it forty years," and thought that if we could get an understanding on that then we would not allow Germany to be a military threat. I think the concept was that we'd be in full control to implement that. That could then allow you to get forward in resolving other issues. It didn't sail. It was continued as an American proposal for a while and at some point it died. I can't remember when.

Q: I believe the Secretary brought it up at Stuttgart, the twenty-five year disarmament plan.

REINSTEIN: Oh no. He proposed that in Paris.

Q: But I think he also reiterated it in public there.

REINSTEIN: Maybe, but the main proposal was made at the conference in Paris. Stuttgart was a speech made to a German audience. The treaty was a proposal made to the Soviets across the table in Paris. I think they were two quite different subjects.

Q: I was thinking of the twenty-five year disarmament, but continue.

REINSTEIN: At any rate, the idea didn't seem to illicit any great support from the Soviets. What happened was that at the peace conference they had subordinate committees for Italy and for the Balkans and the major topics were dealt with by the ministers themselves. The sessions didn't illicit any progress. Eventually they finally had to wind up the process. What happened was that the first meeting of the General Assembly was scheduled to take place in New York at Lake Success, and the peace conference was still ambling along without result and the four powers asked the General Assembly to postpone its opening meeting so as to permit the conference to continue. It was postponed and the discussions continued to go on without result in Paris, and it got to the point where they couldn't ask the UN to put off the meeting of the General Assembly again because the thing was becoming a scandal. I mean the inability of the countries to conduct their business. So they decided to transfer the work on the peace treaties to New York and continue it there at the same time as the meeting of the General Assembly; and so we all went to New York.

Q: Excuse me, Jacques. You say "all". Is this the whole peace conference from Paris?

REINSTEIN: No. What we did was we went through meetings in which we sort of went through the text very rapidly. I remember I got my hand bloodied one day because I had an understanding on the division of work with Willard Thorpe. When the peace conference came along Will Clayton came over and Willard Thorpe came over. At the time of the peace conference Clayton, who was assistant secretary for economic affairs, came to Paris accompanied by Willard Thorpe who was his assistant at the time. Later, in September or October, Clayton was made Undersecretary for economic affairs and Thorpe became assistant secretary. At any rate, they became my bosses. They were the people who dealt with the Secretary and I had very little to do with the Secretary at that point.

Q: The foreign ministers were meeting in New York City at the time. Continuing their meeting?

REINSTEIN: Well, what happened was they decided that they had to wind up the peace conference. They gave instructions to speed up the questions that hadn't been dealt with; what it really amounted to was sort of rattling through the text and taking votes without really much in the way of discussion. Just to go through the mechanics of having some text which would then come back to the four powers to be worked on further in the Council of Foreign Ministers. We got through most of this stuff very fast, mechanically; we were in a hurry and everybody knew what everybody's position was after that.

I had a real difficulty on one point, which was that I had a division of work with Willard Thorpe. We had an Italian economic commission and we had a Balkan economic commission and we divided by subject matter. He dealt with reparations and compensation for damaged allied property and I dealt with everything else. We got to the end of this thing late one afternoon and we were going through the laws mechanically, and we came onto the Finland treaty. Now the United States was simply an observer at this. We were not a participant. We just were like all the rest of the allied countries, able to make comments but not allowed to participate in the treaty because we had not been at war with Finland. Well, at one of these meetings, which I didn't want to attend, it was decided that the United States would not support the Soviet proposal for reparations from Finland.

So we got through all of the Balkan treaties and we came up to the first treaty and this was the first issue and Thorpe was sitting in another room in the Italian commission and I sent a handwritten note to him telling him to take my place. We had gotten to Finnish reparations. And I got a note back saying, "I can't come. We're in a reparation discussion on Italy." I don't know what the devil they were talking about therI never did find oubecause we had settled the Italian issue. But I was left in the position of defending American opposition to the proposed reparations from Finland without any background, without knowing anything about Finland, without having been present at discussions at which this was decided. I sat there and I raised questions about the ability of the Finnish economy to carry that level of reparations and urged the commission to not make a recommendation; that this argument didn't mean that we were opposed to reparations at all, it simply meant that we hadn't had an opportunity to consider whether the level of reparations proposed was correct. Well, the Soviets wheeled an expert in and proceeded to give a detailed analysis of the Finnish economy and they just bloodied my hand.

Q: No support from the British or others for our position?

REINSTEIN: No. The British had apparently agreed to this and nobody else was really involved. They were all bystanders. I continued and I got kicked around royally and finally Thorpe came in took over, having been successful in his own meeting and flushed with success. I went down and found a car and went back to the hotel.

Q: [laughs]

REINSTEIN: I think I was saying that in order to finish up they just issued instructions that the commissions were to wind up their work, and so what happened was that we rattled through all the drafts and took votes on them without any discussion, more or less.

As I said, I had taken myself back to the hotel. I was absolutely worn out. I had been up for something like thirty-six hours straight. After having rested up and shaved I came back to the palace?

Q: Now we're in Paris?

REINSTEIN: We're still in Paris at the very end of the peace process. I met somebody in the hotel and I said, "I don't know what time those people finished up. I left there about three o'clock," and she said, "They're still going." So I got a car and I rushed to the palace and walked into the meeting. The Soviets had apparently decided to try to prevent a vote from taking place on some issue in the Finnish treaty in which they would get voted down. They were conducting a filibuster. The chairman was Joseph Corbel, who became known later as the head of the school of foreign affairs in Denver, after he came to the United States with our assistance. I think Willard Thorpe was the fellow who got him to the United States. He was the father of Madeleine Albright. He was in the chair and the Soviets were filibustering and trying to prevent the issue from coming to a vote.

At the very beginning of the conference the British and the Soviets had gotten together and the Americans didn't want to be involved in it. So the British and the Soviets divided up all the chairmanships and the vice chairmanships of the various commissions and what happened was the chairman was the fellow who conducted the business and the vice chairman never appeared. But in this case the vice chairman was a South African and the British rounded him up and put him in a chair next to Corbel and told Corbel that they decided they were going to keep this meeting going until he collapsed, at which point they would move their man into the chair. Well this was extremely unpleasant.

Q: Corbel, meanwhile, apparently not wanting to call for a vote on the Soviets' filibuster.

REINSTEIN: Oh no. He didn't want to offend the Soviets. So what happened finally is I got there and I found this thing was going on and so [laughs] I got into the act by just rushing around and here I was good and fresh and I would go and I would pretend to talk to somebody and then talk to somebody else, and give the impression that we were on top of things. Anyhow, they finally got the secretary general of the conference to come in and he ruled that the issue should be put to a vote and Corbel got off the hook. But it was an extremely unpleasant position for him. Well that wound up our deliberations in Paris.

We then took off for New York, where the discussions took place in the Waldorf-Astoridiscussions on the peace conferencsimultaneously with the United Nations meetings at Lake Success. The meetings all took place in the Waldorf-Astoria. The head of the Waldorf-Astoria, Lucius Beaumont, graciously made his apartment at the top of the towers available for meetings, a beautiful place. We had all of our commission meetings there, the Americans all lived there; we had our offices in the Waldorf. The only time we ever emerged from the Waldorf was to go out and get something to eat because you couldn't afford to eat at the Waldorf.

Q: [laughs]

REINSTEIN: The discussions proceeded. At that point Byrnes apparently got fed up with this proceeding and he told Molotov that he was sick and tired of this and it really wasn't necessary to have peace treaties after all. He was prepared to close things up and forget about the peace treaties, at which point the Soviets said, "Well, let's have peace treaties." So we settled down and at the very end we worked on the treaties, and we had a series of very serious meetings; and every once in a while the Soviets would try some trick or other. They tried to slip in something past me on Italians resident in Trieste. I slapped them down on that. Finally we wound up and agreed on the text. A handful of us were supposed to stay in New York and put the treaties into shape for final signatures. The text had to be gone through, verified, translations worked on, and the rest. So I was told that I would have to go back to London to work on Germany and Austria and so that was the end of my participation.

I left out one thing which is the trip from France to New York. We crossed on the last transatlantic voyage of the Britannic, a ship of the White Star Line that was built before World War I. Among the people who came with the foreign ministers, with one exception, all flew. Ernie Bevin came over on the boat and I had the privilege of walking the deck with him and listening to his reminiscences. That was a great experience. He was a great man.

Q: Yes, he was a great man. He was popular in the Foreign Office.

Well, now, I presume after New York you went back to Washington and took up your work again under Assistant Secretary Thorpe.

REINSTEIN: No, as I said, I was supposed to stay in New York and work on revisions of the final text of the Italian and Balkan treaties, but I was told no, I would have to go back to London to begin work on Germany and Austria. So I cut loose from the first round of treaties, went back to Washington and put my clothes on order and took off for London again.

Q: So this would've been in the fall of '46 that you went to London.

REINSTEIN: No, no. Our work in New York went into December of '46 and we began the Council of Foreign Ministers with two deputies to the foreign minister. One for Germany, Robert Murphy, and one for Austria, General Mark Clarke.

Q: This would've been then early '47.

REINSTEIN: This was the beginning of '47. I went to London I guess again on one of the Queens. Anyhow, before I left I was called in by Jack Hickerson, John D. Hickerson. I forget what his position was. Anyhow, he told me that I was to go to London to work on Germany with Robert MurphGermany was not expected to be a significant matter therand with Mark Clark on Austria. But they didn't want to make it appear that the State Department was loading up the delegation so much, so they were not going to name me as a member of the delegation to Austria, for the Austrian treaty, and when I got there I should simply explain to General Clark that I was supposed to work with the economic advisers. I thought Ok, but Clarke has never seen me and if I walk in and tell him the State Department sent me to be an economic adviser, why should he pay the slightest attention to me? He didn't know me. If you want me to have that position you should name me to it. No, no, no. Just work this out.

When I got to London I reported to Bob Murphy and I told him about this and he said, "Do you know that we have our offices in two different buildings?" The German delegation was in the same building that we had been using on the previous negotiationNumber 5. The Austrian delegation was at Number 4, which was largely occupied by the military. I explained this all to Murphy and he said, "You know, Clark never said no." He said, "Well, I'm about to go and have a drink with him. Come along with me and meet him." So he took me around and then introduced me to Clark and explained the situation and Clark said that he was very eager to talk with me and would I please get in touch with his team and set up a meeting. Well, I called up his aide several times and I never had a meeting, which is what I anticipated.

Clark could have as many people as he wanted there because he had military transport. He could bring people up. He could find billeting; of course he was a four-star general and he was used to getting his way about things of that kind. So he had a large number of people from Vienna. The State Department crew was just three people. It was the Austrian desk officehe was highly respectea junior economic guy who had worked for me, and Selma Friedman, who you may know. They went to the meetings. I used to meet with them.

Things were getting rough in England at that point because this was the winter of '46, '47 and to give you a little bit of a flavor. I shared an office with several other people. The water pipes under our office froze and then they burst and they knocked out the electricity. At that point the British economy had been going to crash.

Q: I know.

REINSTEIN: There were heavy snowstorms. The snowstorms blocked the roads and they couldn't get coal from the roads to the power plants, and the power plants couldn't get power to the mines, and so the whole economy ground to a stop.

As I started to say, we had a bitter, bitter cold winter. I had a hotel room and in our hotel we had one hour of electricity in the morning and one hour of electricity in the evening. We had hot water but no heating. One had to bundle up just to shave. In our office, being a diplomatic establishment, we were entitled to electricity all the time, but the pipes froze under the floor of the office that I was sharing at Number 5. There were a couple of other fellows. The pipes burst and knocked out the electricity. Our heating in that room consisted of a small stove and every once in a while a little short retired navy fellow brought around one or two lumps of coal and told us that he didn't know when he would get back again and how much coal he would have; and we would have a great discussion about whether to burn those lumps of coal and take our chances or burn one lump of coal. We sat in that room with our overcoats on, our gloves on. We could not work. It was impossible; we had no light.

Well, anyhow, nothing went on with regard to Germany. Every night I would have dinner with my three colleagues who were going to the Austria meetings; and we found a restaurant which served black market steaks and we ate there every night. They would give me an account of what was going on on the Austrian questions. It was very clear that apparently Mark Clark was doing two things. One was on a personal level; he would sit around in the meetings and make disparaging remarks about his colleagues on the other delegations in a loud voice, in a voice that could be heard. "Look at that guy over there. That Russian. Doesn't he look like a Mongol?" And he'd make remarks about the British and the French. Well, you know, this was absolutely disastrous, not calculated to be helpful at all.

Q: It's bad manners and worse diplomacy.

REINSTEIN: That was the simple thing. The bad thing was that Clark, like other people, was one of those guys who think they can negotiate with the Soviets. I had watched this over a period of time and it's extraordinary what people will do and think, including people who ought to know better. One example which comes to my mind is General John McCloy. When McCloy first went to Germany he had a meeting with the Germanthis was after our relations with the Soviets in Germany had really broken dowand he had a meeting with his Soviet opposite number and he got along quite well. He could really work things out with this guy. And he sent a telegram to Washington asking for our positions on a variety of matters that he could discuss. I forget how the State Department responded to that. Every once in a while somebody comes along and he thinks he was the guy who handled the Soviets.

Clark thought he could negotiate with the Soviets and he was eager to make an agreement. He would sit around in the meetings and he wouldn't get anywhere because the Soviets didn't have any intention of getting anywhere. And so he would make concessions to them, thinking that he could make some progress. Well what he was doing was giving away our positions without getting anything in return. It was getting to the point where it was really jeopardizing our long-term position.

Before I had left Washington I had talked to Willard Thorpe. I told Thorpe I had quite a considerable doubt as to whether I could be useful in London. And he said, "Well, I tell you what, think of some word which would not normally come up in reporting and give it to me; and if this happens, send me a telegram with that word." I said, "Well, I'll think about that." So I went back and I thought about it and I reported back to him the next day and I said, "The word is silver."

Q: "Silver?"

REINSTEIN: Silver. And he said, "Okay." Well, we had a meetinit was one of these dinner meetingand the situation was getting to be absolutely ghastly, and I said to my State Department colleagues, "I think I better go back to Washington and report to him about this," and they said, "Well how are you going to do that?" and I said, "silver."

Q: [laughs]

REINSTEIN: And after dinner I walked back to the Embassy and I sat down and I sent a telegram to Thorpe from Reinstein. "Discussions on the gold pool are going well but we are not making progressed on the silver train." The silver train was a term of art describing a train that we had captured in Austria which had a lot of Hungarian relics. He knew it was the clue that Reinstein should return to Washington. So I went right back to Washington and I immediately reported to Thorpe and I had a meeting with people from the European division and they said, "We better get you in to the Secretary," who was then General Marshall, "to report this," and I said, "Well no, I haven't been to these meetings. You ought to get your own guy back who has actually been sitting in these meetings and get him." He came back and had a meeting with the European division and then a meeting with General Marshall, and Marshall said, "All right, tell Clark we're not going to continue."

So EUR (Bureau of European and Canadian Affairs) pulled off a telegram which was kind of used to describe thil forget what terdeprecation we had for the Soviet involvement around and didn't say anything. It got to the Secretary and he threw it away and he wrote a telegram reading as follows: "I don't think we're going to get anywhere with the Soviets at Moscow unless we make major concessions to them. I have no intention of making such concessions. Under the circumstances I can no longer refuse the President's desire to transfer you to the presidio. Well, that told Clark where he was going. The second thing is, the meeting was in Moscothe ministerial meetinthe State Department controlled the hotel space, travel, everything. They stripped Clark of his entire staff except for one aide. They gave him a small State Department staff, on which I was the economic adviser, and said, "You've got some advisers from the State Department. You're supposed to take their advice." That was my introduction to my relations with General Clark.

Q: Jacques, as we ended last week, we were talking about the momentous conference in Moscow in March of '47. I know you have a bit more to say about that so I'll turn it over to you.

REINSTEIN: Well, a major topic in Moscow was Germany. The Russian conference was the first one at which the subject of Germany was discussed really at the Council of Foreign Ministers. One of the things that was donl can't remember everything because I was working. I would go to all the ministers' meetings so I sat in on all the German discussions, but my job was working on Austria as an economic adviser to Mark Clark. The Austrian thing was always a sideshow [laughs] in the nature of things. At that meeting the United States put forward detailed proposals elaborating in treaty form the idea which Secretary Byrnes had made for the disarmament and demilitarization of Germany for twenty-five years, and then they said Well, make it forty years, and that was a major topic of consideration.

I think one of the things that is worth noting here is that by this time the French joined in many of our proposals. They were standoffish on various ways on Germany, but they were slowly moving into positions of agreement with the British and ourselves. The British supported us fully on this particular proposal. The Soviets rejected the idea completely. It wasn't clear what their motives were; they did not disclose them except in a sort of rather negative way. They seemed to want to be involved fully with Germany and if they were any controls in the Ruhr they wanted to be in on that, but their general attitude was a negative, uncooperative one. Very difficult to understand. I mention this because obviously Austria is the kind of sideshow and the big topic is Germany. What the Soviet motivations were was very unclear.

Jake Beam was the principal political adviser on Germany at that time and Jake and I sat side by side in the background. The Soviets made a counterproposal to our treaty and it really eliminated most of the ideas that we had put forward. At one point I turned to Jake and I said, "If I understand Molotov correctly, he says this is a great car if you would just jack it up and put a new ornament on the hood." Then Molotov said, "Well, in view of the changes we're suggesting, we suggest a change in the name of the treaty." And I said to Jake, "Well, he's taken the hood off?"

[Tape 11, Side B]

Q: ?delegation, its composition, and the way it handled itself. Did we include any senators in that group?

REINSTEIN: No, no senators then or, to my recollection, later. The only time that we had them was at the Paris peace conference. We had Connelly and Vandenberg, the two senior senators on the Foreign Relations Committee. The Republican representation was provided by John Foster Dulles. I'm not sure whether he had risen as yet to be shadow Secretary of State. It had been later, in 1948; it was clear that he would be the Secretary of State if Dewey won. He had very close relations with Dewey. So he was significant from a political viewpoint.

I'm glad you mentioned this because I wanted to talk about the Dewey-Dulles role in connection with the Austrian treaty. It's a topic that I've been somewhat hesitant to record in earlier things because it's too lively a political subject. The fact of the matter is that Dulles felt very strongly very early and he never really completely got away from those feelings, even when he was Secretary of State. He felt that the American people would not put up with having a continuing American military presence in Europe, that they would insist on troops being withdrawn, and, in fact, efforts were made to force that issue, particularly at a later date when it was put to a vote in the senata topic I will come to in that distant timeframe. But Dulles felt very strongly about this. He was joined, apparently, in that feeling by Ben Cohen.

Q: Was Cohen in Moscow?

REINSTEIN: Cohen was in Moscow, yes.

Q: As an advisor to the Secretary?

REINSTEIN: He was there as an advisor to the Secretary as sort of carry over from the previous regime of Secretary Byrnes. He disappeared after that as a legal adviser in the State Department. I had continuing contact with Ben from time to time until he finally died a few years ago now.

At some point Cohen and Dulles got together and cooked up a draft on the Austrian treaty. The key issue in the Austrian treaty was German assets. It came up in a kind of peculiar way because in the allocation of responsibilities, in the city of Vienna the headquarters of important German firms were in the Soviet sector and the issuremember German assets had been divided between us and the Soviets at Potsdaand the Soviets were attempting to, by the fact that nominally the headquarters of these firms were in their sector, lay claim to the assets of the firms which were in the western zones of occupation of Austria; and this was the key issue. The issue really was whether the Soviets were going to control Austria or not, because their part of Austria, as I remember, was partly industrializehad a lot of mountains and scenery and agriculture, but the industry tended to be in the western zones of occupation. Until the Austrian treaty was finally settled in 195when they finally threw in the towethis continued to be in one way or another, and constantly at ministerial meetings, a major topic of discussion on Austria.

Well, what happened was that Cohen and Dulles came up with a draft on the German asset problem which was very cleverly written. It was written so that it could be construed to favor either the Soviets or our viewpoint, depending on how you read it. It was a very clever piece of legal drafting which meant two things. It was clear that what they had in mind, and they may have admitted it, was that this would result in the withdrawal of troops from Austria. The result would be de facto, as Clark and I saw it, to really give control of the Austrian economy to the Soviets. We had a major debate in the delegation on this subject in front of Secretary Marshall. The whole delegation was there. I don't think that Dulles and Cohen made any bones about the fact that there would be a withdrawal of troops. The argument revolved around whether this was really throwing in the sponge on our part. Clark wrote very effectively and vigorously on the subject. I was the only person who spoke up and sided with him. The whole large part of the top of the State Department was there and sat silently through this debate. I was ashamed of my colleagues actually. But I was the only person who spoke up and sided with Clark, and it was proper for me to do so as the adviser on Austria.

Marshall listened to this argument, as he did in other cases, very impassively. He didn't disclose his feelings at all. He listened and he finally decided that we would not put this proposal forward. Remember, I had recounted in the earlier telegram to Clark, Marshall had said that he did not think that we would get anywhere on Austria unless we made major concessions to the Soviets and he had no intention of doing so. So this is consistent with his appreciation of the developing situation with the Soviets.

Q: Had we explored the Dulles-Cohen plan with the British and French?

REINSTEIN: No, this came up purely within the American delegation in a delegation meeting in a big room in the embassy residence which is where we had our offices. [laughs] Incidentally, we were quartered, for living purposes, in a Soviet hotel right near the Kremlin; one of their most modern ones at that time. Of course everything had been bugged. The Soviets never made any bones about the fact that they bugged these things. I shared a room with Ed Mason, who was the principal economic adviser on Germany. They gave us only one big towel and one small towel every day. So we took turns using the small towel. I had managed to bring from London with my files a large amount of Seagram's VO and before dinner Ed and I would sit and have several drinks. One evening we had a little area that had a kind of sofa and table and there was a big chandelier above it where I suspected that the bug was located. When we were having drinks I said to Ed, enunciating very clearly, "Ed, you know, the Soviets have really treated us very well indeed here. We're really very comfortable. [and so on]" I said, "There's just one thing." And I explained about the towels. I said if they could give us two towels and let them stay for two days that would be fine. The next morning we had a full complement of towels. [laughs]

Q: [laughs]

REINSTEIN: Anyhow, the meetings in Moscow got nowhere. They sort of backed away from the idea of having a complete breakdown in the discussions. Even the Soviets weren't prepared for that. So they agreed they would have another meeting on the subject in London. I can't remember whether they fixed the date. It wasn't actually held until the following November and the meeting ended in May.

Q: The Moscow meeting ended in May of '47.

REINSTEIN: Yes, it was springtime. As a matter of fact, it was quite interesting to see young Russians driving around in a springtime atmosphere in sports automobiles. The story went around that every Soviet officer was allowed to bring two automobiles back from occupied territories. They helped themselves very vigorously and they had quite a variety of automobiles. The only trouble was that they didn't have the mechanics to go with them. When the automobiles broke down it wasn't easy for them to get them fixed. At any rate, they agreed that they would meet again, without fixing the date, in London, which was technically the seat of the Council of Foreign Ministers.

At the time there were a good many discussions going on in Germany about the implementation of the Bi-zonal Agreement, which incidentally I put to bed years later. I concluded the agreement with the British ending the Bi-zonal Agreement and making a financial settlement for thethat would be in 194under Bob Murphy's instructions. We'll come back to that.

Q: What happened to you after Moscow?

REINSTEIN: I came back to Washington, and as I had mentioned previously, I had been assigned to Willard Thorpe's office as a special assistant.

Q: Willard Thorpe, then the assistant secretary for economic affairs?

REINSTEIN: He was then the assistant secretary for economic affairs. As I arrived, I remember that one of the first things that happened was I went to a staff meeting and the head of the trade officl'm trying to remember his name; he was one of the early career ambassadorcame with the trade figures for the first quarter of the yeaand I can remember Thorpe was occupied so we had to stand around and wait outsidand he had this piece of paper in his hand and it indicated that we were running a trade surplus with Europe at the rate of ten billion dollars, which was in those days a massive sum of money. They were all shaking their heads and saying, "Well, this was not what we anticipated." When we went in and had the staff meeting that became the major topic of discussion. These people were saying this demonstrates that all our plans were wrong. Things were supposed to be getting better and?

Q: You mean better in Europe?

REINSTEIN: Better in Europe, and the Europeans would be coming back, and this indicated that the situation was perfectly terrible. And, in fact, having seen how bad conditions were, I was rather taken aback by the lack of understanding by the economic staff on how serious the conditions in Europe were after that terrible winter and the breakdown in many ways of the major economies. And of course Germany was not involved at all, being under occupation and being pulled around to some extent by differences among the occupying powers. A number of people became conscious of this at the same time, and of the need to take some major action to deal with it. One of the major things that was done was to try to bring it to the attention of the American public, and of the Congress, which was done in a speech by Dean Acheson at?

Q: Cleveland, Mississippi.

REINSTEIN: Delta. The Delta speech.

Ben Cohen made an important speech in California and Will Clayton was writing memos internally, and this was the point at which, as it was so ably described by George Kennan in the first volume of his memoirs, when he was called back from the war college by Marshall to set up the planning stafMarshall had selected him for that job but Kennan was at the war college and he wanted to finish out the term and Marshall called him back and said, "I want you to work on this. This is very urgent. I can't let you stay there." So he was instructed to set up a planning staff. This is all very well described in Kennan's memoirs and is a matter of public record. They had to pull together a staff from people who happened to be available and he brought together a group. He got in touch with Thorpe, I guess, and said send somebody. I was available so I got?

Q: So you were one of the original members of the Policy Planning Staff.

REINSTEIN: I was one of the original members of the planning staff, of which there were something like seven, I think.

Q: He mentions five at one time. Paul Nitze was one, I believe.

REINSTEIN: No, Paul was not a member. Tick Bonesteel, General Bonesteel, Ware Adams, Carlton Savage, a fellow who was later head of the Council on Foreign Relations. Anyhow, it was a very small group. I was the only economist.

Q: Congratulations.

REINSTEIN: And we had a very short time in which to produce a paper. We worked and argued and argued and argued. We had great trouble with Kennan, the rest of us did, becausand I realized later, Kennan, although he has been described as one of our top diplomats, had never had an assignment in a country with which you had normal relations. He had been in Russia, in Nazi Germany, and in the Baltic countries, but he'd never been in a country with whose government you had give and take relations. And a lot of the arguments that we had with George were that he wanted to take really completely unrealistic positions. We would say, "George, you can't do this with other countries." In his memoirs he said that the discussions were carried on so vigorously that one night he went out and walked around the building crying [laughs] because we beat down on him so hard.

We did come to a sort of consensus as to what we thought should be done, which I have written up in an account of my participation in the planning staff. George Washington University had a conference a couple years ago on the Marshall Plan and I was one of the contributors of a paper there. It really would fit perfectly into this but we can't use it because it's copyrighted. Now, in the discussions in the planning staff, they came up with this idea which was not unique to the planning staff, that if you really wanted to get major funding from the Congress; and the funding, it was realized, would be quite largI can't remember what the initial figure was, about four billion.

Q: Excuse me, Jacques. Were you people preparing a paper for Secretary Marshall's Harvard speech that year in which he mentioned the Marshall Plan?

REINSTEIN: No, we were simply providing advice to the Secretary, and he had several other papers. He had one from Clayton, too.

Q: But you're all focusing on this one topic that Europe needed resurrection?

REINSTEIN: On what to do. There was a certain similarity between the ideas that had been put forward. They were put forward best in the planning staff paper of having a plan come from the Europeans on what was necessary to get out of this, and pulling for a cooperative approach rather than the way we had been dealing with things, which was dealing with individual countries; and as we do now in dealing with individual countries in other parts of the world.

One of the points I made in the discussion was that the situation was so bad that you couldn't wait for an overall plan to get going on it; that it was necessary to try to get at some key bottlenecks in the situation. I argued particularly for two, I think; and I believe they're both mentioned in the planning staff paper. I did get this into the planning staff paper, that we shouldn't necessarily wait to try to deal with some of the key bottlenecks. My proposals were to deal with Ruhr coal and fertilizer. Trying to do something about the coal situation. The coal situation was terrible and was a major drag on the French economy and other western European economies. The Ruhr was under the control of the British. We did havand I guess this was one of the things that was worked out in Germany, but this was approved in Moscothe Moscow sliding scale. It was a formula which would determine how much would be exported in relation to production. They worked out this formula and then they went back to Germany to the British headquarters and issued it there so that it wouldn't be tied up with Moscow and immediately became known as the Moscow Sliding Scale. [laughs] But the Moscow sliding scale, the production of coal simply was not adequate and there were a variety of reasons for it; and the British were incapable of handling the situation. What happened?

Q: By the way, had the Soviets agreed to this Moscow sliding scale or were they consulted at all?

REINSTEIN: Oh no, no.

Q: This was strictly British and American.

REINSTEIN: This was a bi-zone. They may have consulted with the French. I don't know. But it was a bi-zonal decision.

I'm not sure exactly about the timing of this, but Kennan agreed that I should pursue my ideas, which were incorporated in the planning staff paper, of trying to get at the economic bottlenecks. I spent some time talking with the economic staff of the Department and the one thing that clearly emerged was the need to do something significantly different about Ruhr coal. I wrote what became known as the Marshall Plan paper, the first paper of the staff, PPS-1; and I had worked on what became PPS-2, which has become known as the Coal for Europe paper, proposing that the United States get involved in the Ruhr coal production. I can't remember the specific proposals that I made; I got a lot of help from the staff in the Department who were very good at these things, and who had been trying to get people's attention without success.

The planning staff was just the perfect mechanism for this because I could write a paper that without clearances or anything went directly to the Secretary of State. That was the whole idea of the planning staff, that it was advisory to the Secretary of State. So I wrote PPS-2 which was approved by the Secretary and resulted in our telling the British that we wanted to get into it. They came to Washington for the Anglo-American Coal Talks that summer and it resulted in the establishment of joint boards for Ruhr Coal and Steel. When I had the opportunity to go to Germany when the State Department first took over the occupation in '49, and went to the Ruhr, I could see the practical results of this, that the Americans had gotten in. Our technology was quite different but we had a pageant of people who figured out how to do things and they made a very significant contribution to getting the production up.

One of the other things that was necessary to do, that's worth mentioning, I think, is that part of the problem there, and in other parts of the German economy, was getting workers where they were needed because so much of the housing had been destroyed in the allied bombings. Building housing, which enabled workmen to live where the work was needed, and to have their families, was a very significant requirement, but to do it you had to break a lot of rules. If you gave priorities on a basis which was just different from the general rules, it worked out very well.

Q: The miners got extra food and I think they got housing too.

REINSTEIN: They got extra food. One of the things you have to understand is that extra food didn't just go to them. It went to their families. They didn't eat 4000 calories and hold their families down to 1500 or whatever they figure it was. You had to blink at that. Anyhow, that did work out quite well.

The planning staff had sent this paper to the Secretary. I remember sitting around in the planning staff and we said it's up to the Europeans to come up with a plan, and one of them said, "How shall we get this idea across to them?" Well, I found out, as did a lot of other people, my wife had to have a very serious operation and I was told that I would have to take over running the household which had three small boys and I had not had any vacation at all since about 1944 or '43 and I was absolutely knocked out as a result of intense negotiations that I'd been going through. So, to my wife's annoyance I went up to our place in New Hampshire to take a little bit of rest. I got a bus, I think, to come back to Boston to get the overnight train to Washington. In those days you had three trains a day between Washington and Boston. The Federal was the overnight train from South Station.

I had a drink with one of my wife's close friends and she said to me, "Your boss made a speech at Harvard today," and I said, "My boss? Which one?" and she said, "General Marshall." I said, "Oh really," and paid no further attention to it. I went down to the South Station and I bought a newspaper and put my bags in my berth and took the newspaper and went back to the club car to have a drink, and opened up the paper and here was General Marshall's speech at Harvard with all this familiar language from the planning staff members. [laughs] I looked at it and I couldn't believe my eyes. Anyhow, I forget who drafted the speech. The author is well-known. It worked. The next episode was?

Q: Well your friend Ernie Bevin was in the next episode, wasn't he?

REINSTEIN: Bevin immediately picked it up and called for a conference which they held in Paris, which the Soviets attended. The Soviets began throwing roadblocks into it. Well, the questions that we had discussed in the planning staff didn't deal with specifically was How do you deal with the Soviets. Our ideas in the planning staff were that the invitation should not exclude the Soviets and when we drafted it, it did not. There had been the article just before that, George Kennan's famous article on foreign affairs. Kennan himself felt that there had been some misunderstanding of the Truman Doctrine; that it had been regarded as being a declaration that we would fight communism anywhere in the world; and he thought that something should be done to get the idea across that this wasn't the way it was to be interpreted and that you couldn't just get American help by saying you got a Communist problem. We dealt with this in a subsequent paper.

We decided not to put anything into the first paper. The paper very deliberately did not exclude the Soviet Union. Our thought was that if the Soviets were to participate, in order to get congressional approval for funds we would have to deal with them somewhat differentlprobably in terms of requiring, at least nominally, repayment. We'd be tougher on them than we would be on other countries but that we would not exclude them from participating and cooperating in the arrangement. They excluded themselves, of course.

Q: And their allies.

REINSTEIN: And their allies. Actually, both the Poles and the Czechs accepted the invitation to come to the Paris meetings and the Soviets forced them to withdraw. Also, about at that time you had the alleged suicide of Masaryk, which was generally believed to have been a murder, and which had enormous?

[Tape 12, Side A]

REINSTEIN: One immediate task us after the Harvard speech and its enthusiastic reception by the western Europeans was that in the planning staff paper there had been a phrase saying that the plan should be a European plan and the Americans should confine themselves to giving friendly advice. As soon as the Europeans began organizing for this task, they said they wanted to send some people over to get friendly advice.

Q: [laughs] They advised that.

REINSTEIN: And they proposed to send a delegation from all the countrieexcept Germanto have discussions with us and get friendly advice. So we were immediately confronted with the question of when we meet with the Europeans what do we say to them. Well there were two exercises that were launched to deal with this. One was in the planning staff, and the planning staff wrote a very lengthy paper which had some rather controversial ideas in it. For instance, it dealt with the rather ticklish subject about whether we gave special treatment to Britain because we were really very much concerned about the British situation. In fact, we talked about the possibility of maybe working out something like a free trade area of Canada, the U.S., and Britain because we had very serious questions as to whether the British could handle their problems and whether they fit into this.

The planning staff paper dealt with these ticklish questions in a very frank way in terms of advice to the Secretary, but we didn't think they should be noised around so the paper was classified as top secret. It had been given a very limited distribution. As I say, the State Department never published these planning staff papers. They have, however, I think been published by a private organization which got access to them.

The other exercise was conducted under the direction of Willard Thorpe, by the economic staff of the department. We had a lot of talk about this. Willard talked about getting people down from New York to work on this and I said I thought that was wrong, that the ideas as to what we should say to the Europeans had to come from the people who were actually working on the problems. It would be difficult to organize in the daytime and there was only one answer, and it was to meet at night. So, what, in practice, was done was that they set up a small staff under Charles Kindleberger, which produced papers on a whole series of problems. As a matter of fact, I think there was probably no major policy issue which came up during the course of the four years of the Marshall Plan on which some kind of a paper wasn't produced at one point.

Q: Excuse me, was Kindleberger working on the economic staff then, under Thorpe?

REINSTEIN: Yes, he had been the head of an organization which dealt both with Japan and Korea, and Germany and Austria and then they had split the two east and west and he was head of the German-Austrian division, as I remember. He was borrowed from the job and he and maybe one other person produced papers. And then we had all the top staff of the economic part of the Department meeting. The committee had a proper name, but I forget what it was. It was known informally as the board of directors. We met at night and tossed these ideas around and sent the papers back for redrafting. They really incorporated the ideas which we initially discussed with the Europeans and then were the basis for the congressional presentation by the Department. People tend to forget how important the role of the State Department was in the formulation of the Marshall Plan because Congress decided they wanted to have an organization independent of the State Department and was very consistent on that.

The basic ideas in considerable detail which went into the Marshall Plan initially were formulated by the State Department, and they were then, in practice of course, further developed between the American representatives of the Marshall Plan organization. And there were foreign countries involved who were required to develop an organization to deal with us cooperatively, the OEEC originally that ?

Q: The Organization for European Economic Coordination.

REINSTEIN: Which at a later stage was remade into the OECD, the Organization for Economic Cooperation and Development, and which was eventually enlarged after great argument to include Japan and now includes a number of other countries, including Mexico, I believe, and perhaps Brazil. It's been described as the rich man's club; it isn't really that. It's an organization which was one of the most useful economic organizations in the world. They don't fortunately get attacked by the people who are attacking the World Bank and the Monetary Fund, and they do an excellent job.

I think that probably takes care of the Marshall Plan.

Q: How long did you stay on the policy planning staff?

REINSTEIN: I stayed with the staff until the completion of the second paper on the Marshall Plan that I mentioned, and then I returned to Thorpe's office. I had the following year, 1948 and into '49, a second tour of duty with the planning staff. These are all, incidentally, assignments, although they never appeared in my personnel records or anything like that. [laughs] It was not part of my official biography, but that's true of a great many of the assignments I had, that they were not personnel assignments and therefore not part of my official biography. Now, at that point I went back to Thorpe's office and?

Q: Jacques, there was a review of policy toward Germany about that time. Did you get involved in that?

REINSTEIN: That was my second tour. Before that I worked in Thorpe's office as the general assistant to him. It was rather interesting because I discovered that all I had to do was to sit at my desk and people would bring me problems.

Q: [laughs]

REINSTEIN: They were aware that I had a very close relationship with Thorpe and when problems arose and they couldn't get agreement between divisions or between parts of the organization, or maybe sometimes a knotty problem would come up in a telegram, and I'd get a telephone call asking me if I could organize a meeting on something or had I seen a particular telegram and did I have any thoughts about it. So I just sat at my desk and the problems came to me. I was able to work out resolutions of problems among different parts of the organization, or see that a problem was raised for consideration at a higher level in a form in which the elements requiring decision had been brought up clearly.

Then I had one junket. We had put into our various missions in the former enemy countries people who worked specifically on the peace treaties. The ones who were in the countries which were occupied by the Soviets had a rather rough time. Now under the various armistice agreements there were control commissions and we had seats on those and we were supposed to have a voice in the administration of the armistice agreements. Well, the Soviets did not allow us to have any effective participation. It's fair to say that by the same token we didn't give the Soviets much participation in what went on in Italy.

Q: Or in Japan.

REINSTEIN: In effect, by that time de facto things had been split up; Germany had been split up. Not all the way. You asked, I think at an earlier stage, in connection with the peace treaties, about whether the former enemy countries had any kind of a voice. They were allowed to make comments. We did have meetings with them. I think they tended to be informal. I can remember having rather useful discussions, for example, with the head of the Central Bank of Hungary. This was before the Soviets overturned the government there and put in one of their own liking. The Soviets, incidentally, didn't even tell their allies very much. I had developed over time very good relations with the Czechs. The Czechs had been western communists. The Soviets never told them anything about what was going on. I found, without any breach of security or anything, there was no particular problem about informing them about what was going on in negotiations and they were very grateful. It provided a basis for very useful exchanges at various times.

Q: Again, this would've been before February of '48 when the Communist takeover happened.

REINSTEIN: Even after '48. Because at that point you had two types of communists, those who had been in Moscow and those who did not: one of my principal contacts was a communist who had worked for the BBC (British Broadcasting Corporation) during the war. He was a communist all right, but his ties were with the western European communists and he wasn't Moscow-trained and Moscow-brainwashed. There was a real difference between the two kinds of communists. It was possible in '49, for example, to have useful talks with him.

I mentioned the timing of this junket. I was in Paris at the time of the break between the Yugoslavs of Tito and Moscow.

Q: June of '48.

REINSTEIN: Yes, and it was very interesting to read L'Humanitï¿½ [laughs]. We were able to get both sides of the issue, which was a very rare occurrence. Anyhow, By that time, of course, the blockade had?

Q: Was just beginning. The aerial blockade.

REINSTEIN: I perhaps should go back to the London meeting and there was something I wanted to mention, which is at the very end of the London meetinit was a meeting of the top of the American delegation at which I was not presenand?

Q: This was in April of '48?

REINSTEIN: No, this was in December of '47. The meeting at which I was not present, at which I guess this may have been a tripartite meeting; I'm not clear about whether it was a meeting of the Americans alone or whether they were meeting with the British and French. But anyhow it was a meeting at which it was decided to proceed, in view of the fact that no agreement could be reached with the Soviets, to set up a political authority in West Germany. Originally this idea had its origins I think in JCS-1067 that contemplated that there would be a German administration, but it would not have people at the ministerial level. People at the highest level would be "staatsekretï¿½r" which in German usage you would recognize as a top civil servant, not a political figure. That idea, I think, goes all the way back to JCS-1067.

I think this was the way they began their thinking that there would be a German administration, but as it began to develop gradually the ideas were the subject of debates among the three western allies and discussions with the Germans. The Germans were called upon to organize themselves as the states in western Germany. I think Berlin participated in that, although it was not eventually allowed to become a part of the German Federal Republic. The basic law of Germany provided that Berlin was to be a state of the Federal Republic, but the allies suspended that and in remained in suspension until the wall came down, I guess. Although, in practice, Berlin had representatives who sat in the German parliament; they just couldn't vote.

What happened there at the end of '47 was that in the final meetings, at a meeting in which I was not present, General Clay asked that he be allowed to make one more effort to reach agreement with the Soviets on currency reform. This was an absolutely ridiculous idea because if you're going to set up a west German organization, the last thing in the world that you wanted to do was to allow the Soviets to have some say or have the same currency as the currency used in western Germany because with unlimited ability to print money they could've done all kinds of things to wreck whatever plans you had in West Germany. They actually began discussions of this with the Soviets in Germany in the Control Council, and then I think began to realize that this was a great mistake and began to pull back; and I think you can find a very clear connection between the beginning of the measures to interfere with Berlin access and the pulling back from the discussions on currency reform. A very direct connection; the Soviets are no fools.

The currency reform incidentally, for which Erhard was given such great respect and was regarded as being the author of the German miracle, was in fact an American idea. The ideas for currency reform are all in the paper which was written by three Americans: Dodge, Comb, and Goldsmith. Joe Dodge was the head of the Detroit Bank and was the head of the financial division of OMGUS, the Office of Military Government in Germany for the U.S. I think he was head of that, and he had a couple of talented economists working for him, both of German origin: Ray Goldsmith and Coml forget what Comb's first name waand they developed plans for the currency reform, which incidentally included originally a capital levy to prevent people who had managed to horde large amounts of currency from getting benefit from that. When the plan was presented to the Germans, the Germans took it. They took the credit for the ideas, but the capital levy was a little bit too much for their appetites. Taxing rich people was apparently not very popular there any more than it is in the Republican Party in the United States.

Q: It was only popular in East Germany.

REINSTEIN: In East Germany, yes, but not in West Germany. What began with pinpricks and annoying interferences with access to Berlin developed, as you know, into a full-scale blockade to which we responded with the airlift. At the time, as it is well known, there was discussion as to whether military action should be taken to open the way to Berlin. General Clay was a great proponent of that idea. I went to a meeting with General Clay years later and he still thought it was a good idea, but it was turned down by the military authorities.

Q: And by President Truman, too, I gather.

REINSTEIN: Well, I suppose. But the military authorities in Washington had no appetite for engaging in a military confrontation with the Soviets. I don't know what the military deployment was then.

Q: It was weak in Germany because we only had the constabulary forces.

REINSTEIN: Well, we had the constabulary force which was for the purpose of keeping the Germans in hand which didn't seem to involve any particular problems. No, perhaps not then, but later, we had one division and some other elements.

Q: We had to rush them over.

REINSTEIN: No, no. We had to rush over reinforcements later.

Q: We had part of the 1st Division there, yes.

REINSTEIN: One of our problems was that our base was in Bremerhaven and the line of communication to our forces ran in front of [laughs]?

Q: It was close to the Soviet line.

REINSTEIN: It was an untenable military situation. There was no military confrontation on the airlift.

Q: Were you involved with German affairs by this time?

REINSTEIN: At this point, as I said, I sat in Thorpe's office and yes, German and Austrian things came to my desk. I did a lot of work on Austria. As a matter of fact, we had several phases of the Austrian negotiations and I was responsible for developing them in a way in which they were set up. I spent a lot of time on Austria, but the Austrian issue stayed the same as the one that I've described before; no matter how we tackled it we always came back to the same questions, until the Soviets decided they could make a deal with us in 1954. And I had the pleasure of participating in that. But no, I got increasingly into German matters.

After I came back from Europe in 1948 I thought I had done something very smart. We had a place where my wife went with the children in New Hampshire, and I decided that instead of taking my vacation in July I would take it in August and come back just at Labor Day and then escape the Washington heat. This was all a dull time, in economic terms, and so I sat around and didn't do very much for about a month, and then took off for New Hampshire. One of the things that they had done in the discussions with the Soviets about the blockade was that at some stage they made an offer to the Soviets to hold a conference on Germany if the Soviets would lift the blockade. General Marshall, having unpleasant recollections of two previous meetings with the Soviets on Germany, said he wanted this well prepared and he gave George Kennan instructions to work on developing positions to be taken at a meeting with the Soviets if they agreed to lift the blockade.

I no sooner got to New Hampshire when I got a telephone call and a telegrathey still had telegrams in those daytelling me to come back to Washington. George Kennan decided he didn't want to start up another round of major discussions without my being involved; and so I immediately turned around and came back to Washington for a second round on the planning staff. That began a very lengthy examination of German policy which lasted for many months and which brought in a lot of people. Initially George Kennan's position was that the division of Europe was extremely dangerous and it would eventually lead to a war. It was inevitable. That you couldn't have the continent split that way. Therefore, it was essential to reach some agreement with the Soviets. Well, we took the question of what kind of agreement could we make with the Soviets which we could live with, and we looked at it from every conceivable viewpoint and we had a lot of peopII remember Dean Acheson was out of the Department at that time; I remember we had invited him to a meeting of the planning staff. We had lots of people from outside the government. We looked at it from every conceivable viewpoint.

Q: Excuse me. Did you get the views of General Clay, and Ambassador Murphy in Germany?

REINSTEIN: I don't remember. We might have. If we did, I don't remember that they were striking views to which we gave a lot of?

Q: I ask because they of course were directly involved.

REINSTEIN: Well, they were directly involved in the day to day relations and they had their hands full with the Berlin blockade and keeping Berlin alive. Also, at that point they were also heavily involved in discussionwell they were beginning discussions; no, I guess they weren'the discussions with the Germans on the basic law. In '48 I think the discussions about what we would allow the Germans to do were still being carried on on an inter allied basis. There was a working grouincidentally, have you had interviews with Ed Martin? Has he been interviewed?

Well, Edward M. Martin would be a very important source of information on this and many other policy issues. Ed Martin headed up the Washington representation in discussions with the British and French, to which the Benelux countries were invited; they were not full participants, but their views were solicited on the formation of a German administration. Those discussions were going on in '48 and they involved heavy OMGUS participation. So I think to answer your question, the OMGUS focus was really on the next steps in Germany, whereas what was going on in Washington was our longer range European policy.

Q: Excuse me, if I could make one correction. I said I did not interview Ed Martin in the oral history program. He may have been interviewed. I'm not sure.

REINSTEIN: You had discussions going on at the intergovernmental level on the development of a German administration and you had discussions going on more concerned with living with the immediate task of administration and the implementation of the currency reform in Germany itself, the military government, with increasingly French participation. In a sense, the Marshall Plan took care of many of our difficulties with the French because they were part of the Marshall Plan. Perhaps it would be useful to indicate what Germany's relationship with the Marshall Plan was. There being no German government, there was no German participation in the European organizations for dealing with the Americans.

Q: The central planning committee.

REINSTEIN: The initial discussions with Mr. Oliver Franks. When the draft legislation went to the Congress, the State Department kept rather quiet on how Germany would be involved. They didn't want to push German issues with their more recent allies because they were recent victims of German aggression. They thought it might be very difficult politically. Well, when it got to Congress, Congress insisted on full German participation. They made it very clear in the legislation that they expected that there would be German participation. Under the Marshall Plan legislation it was required that each of the participants make a bilateral agreement, ECA cooperative agreement, with the United States. Those agreements had really two basic characteristics. One was they had a series of policy objectives which really were the policy objectives of the International Monetary Fund and GATT and those kind of thingthe Atlantic shore objectivewhich they undertook as policy commitments. There were also administrative provisions because they were required, as a condition of getting American aid, to present us with plans on how the aid would be used, which we had to approve. And second, they had to agree that the proceeds of sales of products supplied under the plan would be spent only by agreement with the United States; which meant the United States had not only this sort of general connection through the OEEC, but it had a very specific hold on the development of programs in individual countries.

I don't know how I happened to do this, but I got involved in an argument we had with the French over intermediate credit facilities and the question of which money would be made available for housing, and which we could really put the screws on the French to cut down on what was politically very desirable from their viewpoint, but what we thought was a strain on the financial resources available for the recovery plan. The Americans were quite deeply involved in national policy.

I think we need a word about how the Marshall Plan developed in Germany, which is that of course there was no German government. Therefore, what we did was we had an agreement with the military governor of each of the western zones of occupation. In the American case you had an agreement which was signed by General Clay from U.S. military government, and Bob Murphy from the United States government. [laughs]

Q: [laughs]

REINSTEIN: The three military governments were represented in the OEEC.

Let me say a word about how we financed aid to Germany. We had to provide civilian supplies when we went in to this country which had been completely smashed by the war. The formula which was used to justify that was for the prevention of disease or unrest, which would be harmful to the troop deployment. That turned out to be a rather useful formula. The level of help that was given was, as I think you mentioned earlier, to some extent affected by [laughs] the experience of Austria back in 1945. That is only on the ration scale. The aid which was given under the disease and unrest formula was quite significant. In effect, Germany got the largest amount of aid at that time; much larger than any other country.

Q: Under the Marshall Plan?

REINSTEIN: By the device of having reconstruction in the Marshall Plan and having the disease and unrest formula for basic civilian supplies, so that when you added the two together Germany was the principal beneficiary. Incidentally, we later collected some of that money back in connection with the German debt settlement, which I'll come to at a later stage of our discussions.

The American occupation authorities were not particularly cooperative. General Clay was very sensitive about the need to get appropriations from Congress for the disease and unrest formula. I don't know that he needed to worry about it because the Congress, as I had said earlier, was very insistent on full German participation; full use of Germany as a contributor to the Marshall Plan. And in fact, German participation was very key because Germany was the machine shop of Europe and effective German participation was essential to the success of the Marshall Plan. But anyhow there was this extraordinary sensitivity and concern about congressional reactions and maybe the people who went down to Congress did get to kick it around a certain amount, but that goes with the job.

The military government, OMGUS, was a very difficult organization to deal with in economic terms. They were trying to maximize the foreign exchange earnings and being not very cooperative in the European sense. As a matter of fact, it was said that the least cooperative government in the Marshall Plan was the Americans' own zone of occupation of Germany, with considerable foundation.

You asked about my participation in German affairs. We were talking about discussions in the planning staff and we never quite finished that. Where we eventually came out was we couldn't see any solution to the German problem except completely on our terms. Compromise with the Soviets did not seem to be in the cards. As a matter of fact, I read somewhere recently that the situation was such that either one side or the other had to surrender, that there really was no middle ground. We could not find a middle ground, which didn't prevent us from having further meetings with the Soviets [laughs], beginning with the one we promised them that we would have, which took place in Paris at the end of the blockade at the Palais Rose.

The discussions in the planning staff examined the possibility of working out some kind of compromise with the Soviets which would not be prejudicial to our position. We simply couldn't find it. I don't know that those discussions ever resulted in a paper. It was just that we finally came to the point where we couldn't see any solution and the Soviets eventually threw in the towel on the blockade and we did have a meeting and we had a very detailed discussion of Germany, and again of Austria, in Paris in 1949 after the blockade. We came out on an interesting point which was thait's been kind of overlooked, I thinthere was a modus vivendi reached; an international document that recognized that we had been unable to reach agreement on how to deal with Germany, but there was an undertaking by each side not to do anything to worsen the situation.

Q: Were you present at the Palais Rose talks?

REINSTEIN: Yes, I was present at the Palais Rose. At that point I guess I had switched back to Germany again and yes I went to all the administrative meetings.

Now, one thing we did do at Paris was that we had very detailed discussions with the British and French on the proposals we would make to the Soviets if they were willing to engage in negotiations. Actually, every morning while I was on the Economic Committee on Germany we went over and we had meetings with the British and the French and began to develop detailed proposals that we would make to them on various economic subjects, not including reparations. A lot of very useful work was done, I think, in those discussions because they were very helpful I think in allowing us to think a little bit about how we would deal with the Germans themselves at a later stage. We worked very seriously on the assumption that there would be negotiations with the Soviets and that there would be tripartite proposals; there would be absolute solidity among the western powers.

Now I've skipped over one important phase of the German developments and that is the establishment of the control authority in the Ruhr. The French, while they were generally going along with us, never joined the bi-zone, but they set up parallel organizations so that if there was the bi-zonal office, there was a corresponding French office. In practice it was tripartite coordination, but they had their own organizations with slightly different names. For instance, I remember we had a trading organizatiol forget the name of it: there was a corresponding French organization. They duplicated all of our bi-zones. It was complete cooperation, and then when the Federal Republic came into existence, in effect the zones were all unified. But the French desire for special treatment continued. We skipped over the Saar which Secretary Byrnes conceded to the French in 1946, and which the Germans negotiated back. As a condition of one of the major agreements which they had to submit to the French parliament, they had to give a commitment to seek a control authority in the Ruhr.

It was agreed that there would be a meeting to establish this Ruhr authority in London. So the British, as the host government, were obligated to set up the arrangements and they kept asking us to fix a date and we never agreed. Finally they got a little raspy about it and a telegram came in one day that they called in the American ambassador and had really fussed with him. You know, when you call in the ambassador to make a fuss about something that means it serious. So we had a telegram from London saying that the British were very insistent on fixing a date for the beginning of these discussions. Well, this telegram wound up on my desk.

Q: [laughs]

REINSTEIN: At that point Thorpe had had as his number two C. Tyler Wood, who went over to the Marshall Plan and then Paul Nitze came in as his number two. Well I went in to see Paul and I said, "Look Paul, we've just got to do something about it. We can't put this off any longer because it's politically impossible," and he said, "Well we haven't got a position." And I said, "We will never have a position until we fix a date for the beginning of negotiations." And I said, "All right, I'll make a deal with you. If you will agree to my sending a telegram" that way the British could perhaps propose a dat"If you will sign the telegram agreeing to this date, I promise you we will have a position." Paul very reluctantly signed the telegram but he didn't think I could do it. Well, I assembled a group of people and there were all practically, I guess, from the economic side of the department. They were the most brilliant, talkative group of people I have ever brought together in one room. And I chaired the meetings. We had picked out a fellonow the head of the delegation was to be Lew Douglas, who was our ambassador to London, and our number two was to be a man named Wayne Jackson, whom was selected for the job.

We had these meetings in which Wayne sat there but did not participate. He listened to all the arguments, and we had developed our positions, and he knew everything about how the position argued out and developed and the like. At the end of this I finally drew up a formal written instruction to the ambassador. It must've been one the last formal instructions written in the department. [laughs] It wasn't a telegram. It was an instruction on paper. It was a shorter paper than we had for diplomatic notes. A form of diplomatic notes. Anyhow, we set this off and everything went along quite well until the very end. It was just before Christmas and the French came up at the last minute with proposals for control of investments in the coal and steel industries in the Ruhr. All the text of everything else had been settled and then this last minute addition. The French had made a commitment to their parliament and it was really quite tough. We finally agreed to some language to go in in two articles, Articles 18 and 19, without deciding what the content would be. That was agreed to be left for further negotiation. So we were able to sign that agreement and we set up the Ruhr Authority and our representative was Henry Parkman, who had been in OMGUS, has been mayor of Boston; a very distinguished public servant.

We had a dickens of a time. Do you remember Parkman?

Q: I remember who he was. He was tall, good looking.

REINSTEIN: Very tall, yes. We had a terrible problem about one respect, which was that this was financed out of the conference budget and the conference budget only permitted you to buy small automobiles. [laughs]

Q: [laughs]

REINSTEIN: Poor Parkman. This was a time when they had teardrop cars and poor Parkman had to sit in the back seat doubled over. [laughs]

Q: Yes, he was about the tallest man in OMGUS, I think.

REINSTEIN: Anyhow, the French then deviled us at various times to talk about implementing Articles 18 and 19 of the Ruhr Authority Agreement and we did get to that subject in 1949, informally.

Q: Jacques, going back, do you think the Ruhr control commission was an ancestor of the Schuman Plan?

REINSTEIN: Oh, I was going to get to that.

Q: Very good. Please.

REINSTEIN: Very precisely. In the spring of 1949 we had a whole series of developments and they are hard for me to remember; first was the agreement to lift the blockade. The negotiations on that were very secret and there was one point that I was concerned about in the text. I got a hold of the text and I looked at it and it contained an agreement that all the restrictions that had been imposed since the beginning of March the first would be eliminated. Well, this created a difficulty for us because we had set up the strategic export controls in the meantime and we could not agree that Berlin was going to be a hole through which things could flow to the Soviets which they otherwise couldn't get, and therefore there had to be some weasel language in this that covered that topic. The negotiations, as I say, were very secret. Jake Beam was the fellow who was working on it. He was the head of the Central European Divisioit was called CE. And I would catch Jake in the stairwells and things like that and wrest the latest draft from him and look to see if it had the language covering this point and if it didn't I would put it in. It finally went in the final text.

We signed the agreement and shortly after we signed the agreement a telegram came in from Berlin from Jimmy Riddleberger saying, "We trust that you remember that we introduced, in dealing with this agreement, that we kept strategic controls." And the yellow of that arrived on my desk?

Q: The yellow being the action copy.

REINSTEIN: The action copy. And yes, certainly we had taken care of it in our language so I just initialed the yellow and sent it to the files. Well the next thing I discovered was that OMGUS was working out with the British and the French language for implementing the agreement and they weren't covering this. Well, we wanted to send them a telegram saying, "Look, we have covered this. It's covered by this language so you don't have to worry about it. And don't make any commitment to the Soviets that's inconsistent with our controls." The assistant secretary in the War Department who was in charge of civil affairs went to Philadelphia to make a speech and he left an instruction that no telegram was to be sent out overruling the field; and since our line of communications, for practical purposes, was through the military this effectively blocked us from sending a telegram. We had a meeting over in the Pentagon and Ed Barten and I were there and we argued our heads off and we ended up getting to send the telegram. And we came out and we said, "Boy, we're in a pickle," because these fellows were carrying on negotiations and if we didn't stop them they would commit themselves in the implementing language to the Soviets to something that would in effect create a hole in the controls.

I had an idea. There was a predecessor of Marriott over by the Pentagothe Twin Bridges something or othel said, "Let's go over there." We got a telephone and I called up the guy who handled Germany at the British embassy, Hubert Benson, who had come from the Treasury. And I said, "Hubert, we've got a problem. Can you meet us at your embassy in about twenty minutes?" I said, "This is very important," and he said, "All right, yes." So Ed and I had a car, either his car or my car, and we drove to the British embassy and we explained the situation to Hubert and we said, "Will you get a telegram to your people explaining what our situation is and put a hold on this thing until we can get instructions out to our people?"

Q: [laughs]

REINSTEIN: So Hubert sent off a telegram and the next day we went to Dean Acheson, who was then Secretary, and we laid this out and Dean said, "Well, that's a lot of nonsense. I mean if we were sending them cows, I'm not going to stop sending them cows now. Send the telegram over." With the authority of the Secretary of State we sent the telegram and countermanded the position in which they were sliding themselves into.

Q: [laughs]

REINSTEIN: But it was a hairy, brief period. The things you do in this business are very curious sometimes.

Q: I would've loved to have been in Berlin when that British instruction was given to our people. They would raise their eyebrows as to why did you give us this and not our own people? [laughs]

REINSTEIN: We just told the British, "Stall, stall. Don't let anything happen until we can get straight with our people." [laughs] "Just stall it."

This brings us to?

Q: In '49 you're getting deeply involved in German affairs. You moved over and became director of the Office of German Economic Affairs. How did that happen?

REINSTEIN: Well, what happened was there was finally an agreement reached on the basic law and the setting up of actually a German government. It had been agreed between the State Department and the War Department, that when a German government was established, the State Department would take over the occupation of Germany. So when agreement was reached on the basic laof course they had to have elections and there was a period of about six months between?

Q: May of '49 to September of '49.

REINSTEIN: Yes. Actually, on March the first they set up an organization in the State Department to plan for taking over the occupation. Also it was agreed it would also take over the occupation in Austria, which would really run past any need for military operations. So they set up an office to plan for the assumption of State Department responsibilities in Germany and in Austria under Bob Murphy, and with a staff joined from the State Department and the War Department. They were all people from the civil affairs division mainly. They brought over from the Pentagon an officer who was highly regarded by State Department people, Hank ByroadHenry A. Byroade, as deputy director of the office under Murphy. I was told to take over as director or chief, whatever they called it, of German and Austrian economic affairs, and I balked. I had spent some years in international negotiations and I said, "If I start working on Germany I won't have any personal life of my own and I think I've given up enough of my time and life and being separated from my family and I don't want to be put in the position of making that sacrifice any more." Well, they put the screws on me and I finally said, "All right, I tell you what; I'll do it for three months, with the understanding that at the end of three months I get a vacation." And I planned on going to New Hampshire.

One of the things that I figured out is that the State Department was always very soft on vacations. They hesitated to interfere with your vacation plans. So I figured this would carry me right to Decoration DaDecoration Day it used to be called, now it's Memorial Daand I'd go off. And I was absolutely secure in this position. The only trouble was the Soviets agreed to lift the blockade and we were then committed to have a meeting with them in Paris and I was sent off to Paris and that's where I was at the end of May. By the time I got back it was vacation time and there wasn't really much to do so I figured, well, I might as well stay on. So I did. And I spent a number of years working on Germany. [laughs] So the best laid plans of mice and men.

Q: What were some of the big problems you confronted then? Were German reparations still a problem?

REINSTEIN: No, the countries for which the western powers were responsible, had been given some moneit wasn't very mucand we had given them this dismantled plant under that part of the reparation program, which didn't turn out to be all that useful to them. One of the things we discovered with the Marshall Plan was that people who had taken dismantled German plants would've been better off if they hadn't because they would've gotten new plants under the Marshall Plan. [laughs] I saw some of this I think in France. The old German plants which had been used hard during the war were not in very good shape and didn't turn out to be very useful, whereas if you got the Marshall Plan, plant, brand-spanking new with all the latest technology, you were much better off. So the reparations really faded out.

Q: Is this the place to talk about the German debt settlement? Because I know you were involved in that.

REINSTEIN: Yes. During that interim period, between March and the actual takeover of responsibility, we did a lot of planning. John J. McCloy had been designated as being the fellow who would be our high commissioner and once that was decided he was made military governor. He didn't have the troop commanthat was left under EUCObut he was military governor. We spent a lot of time with McCloy in that interim period working out a number of administrative problemstaffing, policy issues. One of the policy issues that we discussed was how to deal with the holocaust, and we agreed that we would not get into this as a government, that we would take the position with the Germans that they could have no decent relations with other countries without doing something about it. But this would be a matter of conscience for them and we were not going to tell them what to do. Over the course of time we did have to do some prodding, but it was done very discretely. At one point I think Acheson spoke to Adenauer about it and said, "Look, the negotiations are not going well. You've got to do something about this."

Q: Is this the Adenauer Agreement with Israel and things like this?

REINSTEIN: Yes. We prodded the Germans very quietly but we stayed officially out of it. The Israelis kept us informed, I guess. I got into this issue by doing interviews like this and found that there were misunderstandings, and I went down to the archives and went through the records myself to see exactly what had been done and came to the conclusion that we had done what was necessary. We had given the Germans a push at various times, but very quietly, and had avoided getting directly involved in the issue ourselves. The Israelis would come in and make noises to us and complain and we'd listen to them, but we managed to stay out of it.

Q: Now it's to the debt settlement.

REINSTEIN: The debt settlement, all right. One of the things in the discussions that we had with McCloy was that we wanted to avoid the situation that we had had during the period of military government; it was constant confrontation between Washington and Berlin. I think to be fair about this one should say that one reason for the difficulties which existed over time was the quite different concepts which the State Department and the War Department have about how you deal with people in the field. In the military you give a commander a mission, you tell him what his resources should be, and then you don't look over his shoulder every two minutes. Well that's not true in the conduct of diplomacy where you have to be dealing all the time with members of Congress and the public and the press and you have to know you just don't give people general instructions and then sit back and wait and see what happens. You have to be in touch all the time and you have to be able to respond immediately. As I said earlier, I used to read the newspapers every morning and then figure out which stories should be denied at the noon press conference. Your reaction had to be that fast. So the State Department's concept of how you deal with your representative in the field, and the military's, were quite different. The trouble was that the military government was doing things which involved diplomacy and they really made problems for us. Anyhow, the relationships were very unhappy and it was agreed that we would really try and avoid that situation and one rule of thumb they had was to have people go back and forth pretty frequently. So as soon as the Federal Republic was established I was sent over to Germany to spend some time there. I went over in September?

[Tape 13, Side A]

REINSTEIN: As I said, we agreed with McCloy that people would go back and forth and find State a close contact. And I was sent over as the first person from Washington to implement this policy. I left on October twelfth. I remember it very precisely because I was anticipating a stay of some duration and I had ordered clothes and it was a very hot day. In the initial arrangements for the takeover of State Department responsibilities it was agreed that the State Department people would travel by military transport. That policy didn't last very long because the airlines objected to it and they made their point. But anyhow, it was in effect and I had found that I had to take a shuttle plane originating in Texas and go to Chicopee, Massachusetts, to pick up a navy transport plane to take me to Frankfurt. Why the navy was running planes to Frankfurt, I don't know; except that if the army does something, the navy has to do it, too.

Q: [laughs]

REINSTEIN: At any rate, it so happened that Prime Minister Nehru of India was due to arrive and I discovered that President Truman had sent his plane, appropriately known as "the Sacred Cow" [laughs], to pick up Nehru in London and bring him to Washington, and he was scheduled to arrive at four o'clock, which was the time at which my plane was supposed to take off for Chicopee, Massachusetts. So I said to my secretary, "Call them up over there and say they can't be serious about sending a plane off at four o'clock when the president's plane is arriving." "Oh no, we'll be over here at half past three," and on and on. I went over with my family and of course the plane didn't take off then. [laughs] It wasn't allowed to land.

I was there in the military end of National Airport sweating in heavy clothes because the temperature was about ninety and my family were there to see me off and so they went out and they were within the security allowancof course they didn't have security then the way they do noanyhow, they wandered out to watch what went on and they were about the only civilians that were there. They had a guard of honor so they went down in front and then after they turned around they came back.

Q: This was Nehru?

REINSTEIN: Yes. When you do that you look at the soldiers when you're in front, but as soon as you turn the corner you stop. Anyhow, my three kids were therthe littlest one was about yea-high and he looked up and he waved to this great man and they looked down and they patted him on the head or something like that and said, "You're a great success," and I went off on this trip.

I had been given a top secret document to carry without a courier pass, but I had it under my undershirt, which was a very uncomfortable situation to be in. Anyhow, I went over and I spent a good deal of time just looking around; going to meetings of other people and working in their offices.

Q: Was this in Bonn, in Berlin?

REINSTEIN: No, this was in Frankfurt. We had moved our headquarters to Frankfurt. We had the I.G. Farben Building there.

I went to meetings and I chatted with people and I looked around. I went up to the Ruhr to have a look at what was going on there. Gosh, I guess I stayed in a British army billet up there. This was rather in Dï¿½sseldorf. The people in Dï¿½sseldorf were eating very well. In the British army mess you got cold baked beans for breakfast. They didn't do away with meat rationing in Britain until I think 1950. I was there in London at the time it happened and it created chaos in the markets because they were so used to rationing it. Nobody knew how to operate a market economy. [laughs]

Anyhow, I spent some time looking around, forming impressions, and in general forming a very good impression of the establishment which had been chopped down and I thought okay, and I had very good relations with all the people there at the top. There was a fellow who was a lawyer who worked for the Navy Departmenmaybe the Secretary of the Navand they put us up in the Victory Guest House, which was a guest house up in the Taunus Mountains that had belonged to I.G. Farben. There were two of us and there was a staff of forty people.

Q: [laughs]

REINSTEIN: We ate well when we were there, which was rarely. I was invited out to dinner very frequently.

I was about to come home and I got a telegram instructing me to stay. They had realized in Washington that they needed a bilateral ECA agreement with the new German government to replace those with the military governors. The original agreement had all been negotiated in Washington. Of course, I haven't talked at all about the occupation statute and I should say a word about the occupation statute which is that in allowing the Germans to create this government, we had adopted a military government document which reserves various powers to the allied occupying authorities, which covered practically everything under the sun. The Germans were extremely unhappy about that because it had us looking over their shoulders and controlling all kinds of things. They made a great fuss about it and then we promised that we would review the occupation statute and revise it in due course. I got back to that one the following year.

One of the things that the allies had decided was that relations with the governments of the occupying powers must be through the high commission because they couldn't have embassies play the capitals off against the high commissioners. So the agreement had to be negotiated in Germany, and of course there was nobody in Germany who knew about these things and here I was, so they said, "You stay on." I had never been in one of these negotiations before, but as I said at an earlier stage, the bilaterals basically had the substantive commitments to the objectives to the World Bank and the GATT and all things of that kind. They knew I knew about that so they figured I better hang around and participate.

Well, we didn't have any particular difficulty about that. The Germans were quite prepared to agree to that.

Q: Did they send over people from Washington to help you, or not?

REINSTEIN: They must have sent us a?

Q: Perhaps a legal adviser.

REINSTEIN: No, they didn't send a legal adviser. We had the bilaterals for the other countries as a model and so that was all we needed in practice, except for one thing that we put in and we got the draft. We said that they had a provision saying that the Federal Republic was to succeed to the rights and obligations of the military governors, and we had meetings with the Germans to go over the text and the Germans said, "Well, we would like to know what the obligations of the military governors are." So the negotiations were carried on by...

During the preparatory period we had a great argument in Washington about who would be head of the ECA mission because in other countries the ECA mission was headed up by someone who was independent of the embassy. Well we weren't going to let the ECA have an independent mission in Germany independent of the high commissioner and we had quite a fuss about that and then finally settled it. They would have a mission chief, but he would be the number two; and McCloy would be the official representative. Actually it turned out McCloy never did anything. Norman Collison in fact just ran things. Norman Collison had been there as the ECA man during the period of military government, except the military governors wouldn't pay any attention to him. I think he did what he was supposed to do, and what was done in the European Recovery Plan (ERP) countries, which is to ask them for their general economic recovery plan. If he asked the military governors for that, they simply ignored it. They didn't deal with him.

Under the ECA bilaterals, as I had mentioned before, you couldn't spend any of the ECA counterpart without the agreement of the U.S. government, and the way you got the U.S. government was to go through the ECA mission. Collison and I sat there innocently and asked the subordinates for a statement of what the military government obligations were, and at that point the door opened and the skeletons began falling out.

Q: [laughs]

REINSTEIN: It was absolutely outrageous. The military governors had no obligations at all with regard to the use of the counterpart from disease and unrest aid. They were free to spend that any way they wanted. So they were not in the habit of asking anybody's permission for anything.

They got themselves into financial trouble. They made a series of decisions, some of which were sensible and some of which were stupid. [laughs] They made some bad trading deals. They bought Swedish steel at a high price and then the price dropped and when they sold it in the German market they could only sell it for a competitive price. So they lost money on that deal. They made a very sensible deal in which they gave money to the German railways for the rehabilitation, but it didn't produce any revenue and so the railways couldn't pay them back. What happened was they ran out of disease and unrest counterpart. We were just pouring aid into Germany and here was a great big fat ECA counterpart. I forget how manI'd say about a billion marks, I think. It was a very large sum because we were really pouring money into the country.

Anyhow, they had in their control structure something called the Allied Finance Committee, or something like that, which controlled the Bank Deutsche Laender. So what happened was they went around to the banand remember, this organization exercised control over the bank; they had the power of using occupation controls to control the ban"You have an account here called ECA counterpart." "Yes." "Well," said the Allied Finance Committee, "we'd like to make a deal with you. What we would like you to do is we're going to open up an account called" I forget whatever the name wa"and you will put money into that and we will agree that we will not use a corresponding amount of the ECA counterpart account," in effect, drawing down the ECA counterpart account by creating an account with nothing but a red balance.

Collison and I had a meeting and we agreed to supply the governments with information on the military government obligations. We had a meeting a week later and the American representative from this allied financial control board came and he disclosed what had happenethat 300 million marks of the ECA counterpart account had been spent in violation of the agreement with the United States. Well, we adjourned the meeting. Our faces were red and we decided to put a stop to this immediately. We were trying to figure out how to square this with the Germans. We then had another meeting and the American element of the high commission had rather large plans for the use of this money, particularly for housing which was very short. Putting housing in places where there was a need for workers and stuff like that, which was an important way of getting the economy rolling. Some rather large ideas of expansionary character.

We had another meeting and we discovered that in the intervening time the deficit had gone up by another hundred million marks and we had to adjourn the meeting again, to the great embarrassment of the Germans, and I said to the U.S. representative, "Look, you stop this right away. If you don't stop it I'm going to get on the telephone to Washington and tell them what's happening and they will send you a telegram and you'll get instructions on what to do." Well, nobody wants to get slapped down by Washington in that way so we got into a great discussion with the Germans about this because what we wanted to do was for the Bank Deutsche Laender to in effect assume the deficit by carrying it on its books as an obligation of the German government and make the entire amount of the ECA counterpart account available for recovery purposes. And the Germans had cat fits because they were living under this recollection of two inflations and they were very difficult to deal with because they didn't want to do anything that might lead them in that direction. We had an extraordinary fight with them over this until they finally gave in. This agreement was the first international agreement made by the new federal government of Germany.

I came back to Washington after this was all over, having delayed my return. I regret I didn't make a written report. I went around and saw people and what I said was basically that I had been around, I had had a look at what was going on, the people were competent; they knew what they were doinl gave them very good markand I said everything is fine except for one thing, which is you've got all these questions about claims against Germany, German debts and things of that kind which are just out there unsettled, and the allied controls had adopted a statute of some kind saying that you couldn't pay any of these debts, and were getting a lot of pressure from the New York banks which were among the prewar creditors with Germany under the Standstill agreements, the commercial credits. So when I reported I said the one thing that bothered me about all this was that these unsettled claims and I said I did not see how the Germans could get back into normal economic relations with other countries without getting some understanding as to what you did about these things.

You see we had these trading monopolies which nominally carried on foreign trade in the name of the German military government. In practice, while trade was carried on by private firms, nominally the proceeds went to military government and therefore couldn't be attached by creditors. That was good up to a certain point, but now when you started up a German government that you don't check up on anymore, and one of the things that we particularly wanted to do in taking over the occupation was to liquidate these monopolies which were contrary to our policies. It seemed to me that it was essential to get a settlement of this. When I reported this to Willard Thorpe he said, "Are you saying that you think that Germany can pay back these prewar debts?" and I said to him, "Willard, the mark was stabilized in 1924, after the first war. In 1927 the Germans were doing pretty well." I said, "It'll take them a little longer this time, but I would say within four years they can begin servicing the debt." He said, "I think you're crazy." But he said, "If you think so, go ahead and try it." Nobody else took an interest in this at the head of the economic part of the department, so I began assembling working stiffs to work on debt settlement.

One of the things I should mention is that as a condition of putting in all the aid that we gave to Germany in connection with disease and unrest, we had got an agreement from the other two occupying powers that we had first call on Germany for repayment on German export proceeds. So we were sitting there in control. Nobody could get paid unless we got paid first. Between the disease and unrest amount and the Marshall Plan, we had a great big whack of money that the Germans owed us. So, in principle, nobody could get any payment except with the agreement of the U.S. government. So we had a veto over things. I began assembling experts to work on this. I sort of ran into some difficulties with the Treasury. I said to them, "What's your problem?" and they said, "Well, we don't see how we can defend this to the Congress." I said, "You don't have to worry about it. We will defend it to the Congress. What we want is your advice from a technical viewpoint."

Q: Speaking of the Congress, was there any pressure from that end to get on with the German debt settlement, or did it mainly come from the New York banks?

REINSTEIN: No, not really. You had two major kinds of debt, both of which had representation. There were the debts owing to the banks, the Standstill agreement. At one point, the German financial situation in '31 got so difficult they put off collections in the so-called Standstill Agreements. So the banks had large claims and they had a committee to represent them. And then you had the Organization for the Representation of Bond Holders, which represented bond holder interest in all foreign countries.

The banks had been making a great fuss. They made a fuss with the military government about getting paid. They had connections. They bondholders organization really didn't have much political clout. Anyhow, as I say, I pulled some kind of organization together. I got the Securities and Exchange Commission into it. I had some background on the personal matters, which was that my father-in-law had represented an estate whose assets had been handled by the trust department of the National City Bank. They had sold off a lot of good American investments and bought a lot of Latin American bonds, and German bonds too. During the time he was fussing with it and threatening to sue them for the handling of the estate, this coincided with the hearings on what became the Securities and Exchange Act, at which the skeletons all came tumbling out of the closet. They put the midget in J.P. Morgan's lap. [laughs] I remember one time they had him there. Anyhow, in the examinations they really went after the banks and they made them disclose their knowledge of these loans. The trust departments of the big banks had, in the first place, they made loans which they themselves knew, and from their records which were disclosed in the hearings, were not good. The second thing was they had gone to their various correspondent banks around the country and said, "Look, we have an allocation of a certain number of bondChile or Peru, for exampllent us from somewhere or othethat's what you're going to take. You take that or you don't get any business from us.

What happened was that the trust departments in the banks did what City Bank did with this particular estate. They sold off good, solid investments and loaded up with these lousy loans from Latin America and the like. The trust departments were the same banks that were asking for preferred treatment to Standstill creditors. Second, there were provisions of all kinds of priorities and provisions under both the Dawes Plan and the Young Plan. So I said, "We're going to start off as the principal here but there aren't going to be any preferences. Everybody gets treated the same." We developed papers and I found no opposition in the American government. All I got was technical assistance from the FCC and the Treasury and so on, but there was no substantive interest. The State Department had a priority and we developed our instructions.

There were three stages of the settlement. The first stage was you had to get the German agreement to pay. That came up in connection with the revision of the occupation statute.

Q: Which they wanted very much.

REINSTEIN: Which they wanted very much. The story of the occupation statute revision goes back to June of '50.

Q: The occupation statute was approved in May of '49 and went into effect in September.

REINSTEIN: September, that's right.

We'll have to deal with the revision of the occupation statute as a subject. Basically what we did was we set up a tripartite working group in Germany. Now I was the number two in the fact of the matter, the operating guy. During the summer of '50 we worked out proposals for the joint occupation statute. We had very little input from the British. The main negotiations turned out to be with the French. My French opposite number was at that time head of the German department of the Quai and later became Foreign Minister. He was promised the ambassadorship to Washington but they gave him London instead.

He and I did a lot of the real tough negotiation, but we had a number of people working on specific technical problems. Some of these problems it was really very interesting how simple the solution could be. One of them was what did you do with the old? We had a political committee and we told the political committee, "Work on the old Reich treaties." So they sent a telegram asking for a list of all the Reich treaties, without clearing it with me. Arch Calhoun sent it off. I saw the telegram the next morning and I said, "What the hell are you going to do? When you get this list what are you going to do with it?" It annoyed the dickens out of the people in Germany. We sent another telegram canceling it. I came up with a very simple formula which was any treaty entered into by the Reich could be put back into effect by mutual agreement between the Germans and the other party. If the other party wanted a treaty to be restored and the Germans didn't want it, the matter should be referred to the high commission. Not a single case came up. Let people do what they want to do.

Some issues were not easy to agree with the British and the French, particularly not the British on some of them. I remember having dinner with my French colleague one time and we were discussing the British outlook and he says, "These British are strange." He and I had agreed that we better keep a thumb on relations between the Federal Republic and the communist countries. We would let them establish diplomatic and consular relations with all of the countries except the three occupying powers. They could have consular relations with us, but not diplomatic relations. But we wanted to keep a thumb on relations with the East. The British didn't enter any objection but control over foreign trade and foreign exchange; my proposal was on foreign trade. If they agreed to join GATT, and pending agreement on their entry, apply to GATT as a practical matter, and clear the thing with the Monetary Fund, then you could get rid of control of foreign exchange. Now, we had very complicated problems on other matterinternal restitution and treatment of refugees, and a lot of other things that gave us complicated problembut we worked out quite a considerable easing.

Where we ran into a problem was on what was the international status of the Federal Republic.

Q: Ah yes.

[Tape 13, Side B]

Q: ?the international status of Germany. Perhaps you could explain some of the difficulties and problems that arose in trying to settle that.

REINSTEIN: This became a very key issue in the revision of the occupation statute and our negotiations with the German federal government which was just newly established. One of the questions that it seemed to me, personally, had to be resolved if we were to carry out the policies that we wanted to carry out, regarding Germany, that is the reintegration of Germany into the international community. Because this was basically the main thrust of the policies that we had agreed that we wanted to adopt with respect to Germany. That meant the restoration of German relationships with other countries in a variety of fields: economic, financial, and the like.

Q: Did we allow German representation abroad at that time, or not?

REINSTEIN: We began by allowing the Germans to have consular relations. In the occupation statute we did allow them to establish diplomatic relations with all countries except the three occupying powers. We were very insistent until the very end, until the treaties came into force in '55, that relations with the three western occupying powers be conducted through the high commission. In effect, you did have the development of diplomatic establishments, but they really weren't fully developed. Otherwise the Germans did have an office here and we talked with the German representatives. Wilhelm Grewe subsequently became their first ambassador. But substantive problems had to be dealt with through the high commissioner.

But as I say, what we wanted to accomplish was to reintegrate Germany into the international community. I think I've already mentioned that we wanted them to come into the Monetary Fund, the International Monetary Fund in particular, and the GATT; and to observe the rules of those organizations. Incidentally, they did escape control of the International Monetary Fund when they established the value of the deutschmark because that was done in agreement with the three governments and it was not done well and wisely. That may be worth a separate comment later because I think in effect the German mark was undervalued and has had a significant effect on their international trade relations in particular. It wasn't done for that purpose. I think that's worth a discussion because of the crises that we had to deal with.

In writing the revision of the occupational statue I proposed that we include some formula by which we would define what the international status of the new German government was. Now this got us into major negotiations with the French. I might say that in the whole negotiation in the interim governmental study group in Germany the British played no significant role at all. What was done was done in agreement between the Americans and the French, and to an important extent between me, personally, and Jean Sauvagnargues, who at a later time because the French Foreign Minister; who at that time was the head of the German office in the French Foreign Office, and reported rather directlfrom as far as I could make outo the Foreign MinisteSchuman. Schuman played a very key role in all of these things. He took a very direct interest and I knew on various things that Sauvagnargues was touching base with him directly. I didn't have any such problem because we had had the position developed in Washington and the problems that I had with dealing with Washington really involved such matters as how you dealt with refugees and things like that. George Warren was a kind of key figure and there was some specialized interest in Washington at that time. In general policy we had everything laid out and I reported fully what was going on in detail with regard to various subjects in a very voluminous set of telegrams.

Q: But you were working basically under Ambassador Douglas there at the time?

REINSTEIN: In principle, yes. At the beginning he took a significant role. A little later he kind of dropped out. One of the things was he had physical problems. He had injured his eye. He left that job before we finished the negotiations the following spring and his position was superceded by the DCM (Deputy Chief of Mission).

Q: Julius Holmes?

REINSTEIN: Yes. I had known Julius for a long time and you get all these personal relations of confidence. If I had a problem Julius knew I would come and consult with him and he didn't have to second guess me or approve my telegrams or anything. Reporting telegrams all went from me. We had a special telegram serieTOSIG and SIGTO.

Q: You must have had legal help there, too.

REINSTEIN: I had two lawyers working with me; one was Covey Oliver and the other was Bill Bishop from the legal adviser's office, but I don't remember if either of them played a significant role. The French developed a very complicated concept that German sovereignty had been put to sleep by the defeat of the Germans. It was asleep so it couldn't be exercised by anybody. Well, it could be exercised by the allies because we had specifically assumed sovereign power. But they got themselves into a very complicated soft spot. We had very complicated negotiations.

We finally came up with a formula, which I believe I devised, which was designed to do three things. One was to assert that the western German government was the only legitimate governmental authority in Germany. In other words, to refuse to recognize the East German military regime. The second was to lay a legal basis for German relationships with other countries; and the third was to get at the German debt. The formula, which I think I basically devised and which was that the Federal Republiand I think I remember the exact words of this; it can be checkewas the only government legitimately constituted in Germany. That denied the legitimacy of the East German government. "And capable of assuming the rights and obligations of the German Reich." What I had in mind in that second phrase was that they could undertake the treaty obligations of the German government in their relationships with other governments, excluding the three occupying powers; but also laying the basis for the acceptance for the responsibility for the debt. And the Germans saw that.

Q: [laughs]

REINSTEIN: And we didn't quite finish all of the things that we had planned to do in the revision of the occupation statute in the summer of '50 because our target date for making our report to the two governments was something like the middle of September and the three governments decided to have an inter-allied meeting in New York in early September and so we were cut a little bit short and there were a few things on which? Basically what was happening was that Sauvagnargues and I were fighting with our bureaucracies in Washington and in Paris to get an agreement for some of the tricky things which were really domestic German matters, but of allied intereslike the treatment of refugees. We didn't have time to fight out everything with the bureaucracies, so our job was not quite complete but everything basically was there and we could report it.

Q: Excuse me, Jacques. Were there any German observers in London at these talks? Were they kept advised?

REINSTEIN: No. What happened was this was a discussion which was going on between the three allied governments as to what they wanted to do with Germany in the future. Therefore, it really didn't involve the high commission directly, although in the reporting process they were kept informed of what was going on. They were free to comment, but in practice did not really contribute anything.

Q: Chancellor Adenauer must've been very curious as to what was going on.

REINSTEIN: I'm talking about the allies. The Germans were not part of this in any way, shape, or form. They didn't come into it until we presented them with the revision of the occupation statute.

What happened was that the foreign ministers meeting was set for very early in September and we didn't quite get a chance to finish up, and also on the American side what was done was it was submitted directly to the Secretary of State by the secretariat, I think, without any opportunity for me to brief the Secretary on what we had accomplished and what issues remained to be resolved.

Q: This would've been Secretary Acheson at the time.

REINSTEIN: Secretary Acheson. The result was that the document was presented to the foreign ministers by the secretariat of the conference with a request that they resolve those issues which hadn't been resolved as yet in our negotiations. [laughs] They put the wrong question to the foreign ministers. Instead of putting the question to the foreign ministers of, "Here is what is proposed to be done. These are the major decisions that we are proposing that you make," they put all the technical questions to them. Dean Acheson got extremely annoyed at me, personally, and he said to me at one point, "I will love you someday, but not soon."

Q: [laughs]

REINSTEIN: I never had an opportunity to sit down with him and say, "Mr. Secretary, this is what we have accomplished. Here are the main things that we have done, the basis that we have laid for future relations with the German government." Instead of that he was just given a series of nasty little questions that we hadn't been able to resolve and he got annoyed, but instead of getting annoyed with the secretariat, he got annoyed with me personally.

The foreign ministers received this document rather grumpily and they were rather nasty to the intergovernmental study group in their initial discussions. I think they finally realized that they had been wrong and in effect they apologized to us. In the final communiquï¿½ they had a provision expressing their gratitude to the intergovernmental study group on Germany for its accomplishment and the importance which their work had done in the agreement. But I remember we had a meeting of the study group representatives and we were mad as hell at the ministers. We were saying, "Who the hell do these ministers think they are to abuse us in this fashion?" [laughs]

Q: [laughs] Was this in New York or London?

REINSTEIN: This was in New York. We met at the Waldorf-Astoria. Lucius Bloomberg, who ran the Waldorf, had a magnificent apartment in the top of the tower and he very graciously made that available to us. We had been there before in '46 for the peace treaties and what he did was he allowed us, for this rather brief meeting in September, he gave us the same facility. Anyhow, we met in that. He had an enormous living room that was the room in which the ministers' meetings took place. In the earlier meetings in '46 there was a wonderful photograph in Look magazine, I think, of the breakup of the '46 agreement of that room. As we were about to leave the British Foreign Minister, Bevin, said, "I have a question." We were already starting to leave and at that point the photographer took a picture and so Chip Bohlen and I were right in front of the camera and so we kind of dominated the picture.

Our proposals for the revision of the occupation statute were communicated to the Germans, who complained like the dickens about them. They characterized the thing as a small solution to the problems. What they wanted, in effect, was for us to turn them completely loose. That was exactly what we did not want to do. We wanted to lay down the terms on which Germany was to reenter the international scene. This was a basic disagreement between us and the Germans and it centered on that particular clause defining the international status of the federal government, which in effect committeand that was why the Germans resistethe Germans to negotiate on the debts, and they didn't want to do that. They went to the Bundestag and the Bundestag turned it down.

So what happened was that the high commission would then report back to the three governments that the Germans wouldn't accept the document and we hung in tough. Again, this being basically the French and ourselves simply saying, "No, we're not prepared to change this." The result was that the revision to the occupational statute, which we had agreed on in early September in New York, didn't go into effect technically until I think the following spring when the Germans finally accepted it. Germany accepted it but they then in effect saw the political advantage which we had built into the formula of saying the federal government is the only legitimate German government established in Germany. It didn't say it's the government of Germany; it's the only government legitimately established in Germany. They embraced that document. I think they called it the "Hallstein Doctrine," or something like that. Germans, in various things, took American ideas; took them over and pretended that they were people who thought them up. [laughs]

Q: Doctor Hallstein being the number two man in the German foreign ministry.

REINSTEIN: That's right.

That did then open the way to the establishment of diplomatic relations with governments other than the three occupying powers and the communist governments becausI can't remember the exact formula - we and the French had agreed that we wanted to keep control over relations with the commies. We were not prepared to let the Germans operate independently in that area. That didn't bother the British. I remember that I had dinner with Sauvagnargues one time and he said, "The British are very strange people. They say in their relations with the Russians, 'the Russians can do whatever they want,' but then when it comes to foreign trade and foreign exchanges they say, 'This involves important matters. We can't let them do that.'" [laughs] It's an interesting commentary on the British, I must say.

Q: So no German ambassador in Moscow at the time?

REINSTEIN: Oh no. As a matter of fact, until Adenauer made a trip to Russia and established the beginning of relationships, technically those were all subject of our control and review and the Germans knew it. They pushed slowly, independently, to establish relations with the Soviets, but it wasn't until much later that we allowed them to have true relations with the communist countries.

We then moved on to establish new procedures for the German debt settlement. Meanwhile, of course the Korean War had broken out and one thing that we had agreed on in our policy document in early 1950 was one issue that we didn't want to deal with in the short run was German rearmament. When you were just starting off a new government, to have them get involved in military matters was not a good idea. That was the policy that we had thought we would adopt, but events took over and forced the issue. I have written of the role played by Hank Byroade in the formulation of our policy in that regard.

Q: Well with his military background he would've certainly been very good at this sort of thing. He was head of the Bureau of German Affairs at the time, wasn't he?

REINSTEIN: Yes. What happened was, I think as I mentioned earlier, we had this interim organization planned for the State Department take over of the responsibility of occupation, of which Bob Murphy was the head; and Byroade, who hadn't really been involved in these matters, but who impressed the State Department people extraordinarily as a person, was brought over and made Murphy's deputy. In the fall of '49 Murphy was named ambassador to Belgium and at that point Dean Acheson decided that he wanted to have Byroade run German affairs. That was when we had the reorganization of the Department, the establishment of the bureaus, and the Office of German Affairs was elevated to the status of a bureathere were the other four geographic bureauand functioned as such for some years. At a later stage, at one point I was director of it, as a matter of fact. We might get into that later because we got into some policy issues. [laughs] But there was a gap between the departure of Byroade and the arrival of Jimmy Riddleberger as director of the bureau, during which time I was acting director of the German bureau and this was just the beginning of the Eisenhower administration and the difficulties that the State Department was having with Senator McCarthy and his man in the State Department.

Q: Scott McLeod.

REINSTEIN: Yes.

Q: Back to the question of arms for Germany and the Korean War.

REINSTEIN: In effect, what happened was that the American military was pressed by the Germans. The Europeans got scared to death by the Korean War because this was the first time where the troops had crossed the de facto lines of separation. They were afraid this presaged a Soviet invasion of Western Europe, which the Soviets were militarily capable of doing without effective resistance. The American military forces in Germany were one division and then elements of another division and the line of communications with our troops ran in front of the deployment of our troops so we had no position to effectively resist it.

The Europeans screamed their heads off for American forces and we did respond. We sent the 2nd Armored Division and another division over even though we were fighting the war in Korea. It was at that point that the French in September put forward an idea of using the Schuman Plan as a model for a European Army. The idea was put forward in the meeting in New York in September, but it was a decision which had to be taken by NATO and there was a NATO ministerial meeting in Brussels in December and the agreement, in principle, was made at that meeting, which I attended incidentally. I went from London and sat in on those. It was the only ministerial meeting that I actually fully attended. I went to something like eleven or thirteen meetings of the NATO council, but I never sat through a meeting except the one in Brussels.

At the Brussels meeting they accepted, in principle, the French proposal and initiated two negotiations. One was to set up the European Army which would carry on in Paris, and then a provision for the relationship with the Germans, which would involve political changes and define the status of military forces in Germany. Those negotiations were entrusted to the high commission. The State Departmenthe German bureawanted to have me carry on those negotiations and deal with them at the governmental level and I objected to that because I felt that the negotiations involved matters of such detail affecting all kinds of relationships with the Germans that we were incapable of dealing with them at that remove and that the high commission was better qualified to deal with them. In effect, the high commission spent the better part of two years negotiating on that subject and didn't do a very good job. [laughs]

Q: Was there German reluctance to consider the idea of rearming?

REINSTEIN: Not really, from my observation. I don't know. I think they had mixed feelings about it. They, I think, would have preferred to saand you then have to say which Germans you're talking about. The SPD (Social Democratic Party) was headed by Schumacher at the time and Schumacher was a very belligerent fellow. He'd say, "Give us 200,000 men and we can take care of this."

Q: Well he'd been in a concentration camp.

REINSTEIN: But the idea that a German force of 200,000 men could take care of the Soviets was ridiculous. He was strongly for rearmament. The government was a coalition of the SDP and the vice chancellor of the government was from the SDP. I had talked with Brentano on this subject back in early 1950 in my office in the State Department, which leaked to a newspaper. We didn't have any security and I didn't realize there was a newspaper guy hanging out in the corridor and listening to us and wrote a story saying that we talked about the Germans part in rearmament.

Q: Before the Korean War then, yes.

REINSTEIN: As an issue which we would eventually have to face. The Vice Chancellor was the highest ranking German who had ever come to the United States at that point. I think this was at the point where I was still working on my paper on the response to Byroade's request; I'm not quite sure. It was about February of '50. I did talk about what was politically necessary in Germany to provide a basis that we could live with for the creation of German forces. It was a very general discussion of what political conditions did you really need before you could take this thing on, and it was one we wanted to put off.

Q: How did he react? Was he shocked that you raised the question?

REINSTEIN: No, no. He understood what we were talking about, which was that we were in the process of trying to think out our policy toward Germany and that at some point the question would arise, 'what were the political conditions that you should look for in Germany that would enable you to begin to undertake that discussion'. No, he was not shocked. He recognized that as a legitimate political issue, which was a political issue for us, but also a political issue for the Germans because the Germans up to that point wanted the allies to protect them and they didn't want to get involved. The German enthusiasm for arming was not very great because one of the things involved was presentation of the German debt settlement to the Senate, which did involve substantive undertakings by the United States governmencompromise of our claim and the like. I guess the staff of the Foreign Relations Committee had done its job properly. It's fascinating to me; we had no briefing of Pearson or Riddleberger. Riddleberger had had no connection. I guess he was director of German affairs then. But he had never had any connection with the negotiations at all and Pearson had been in and out but had not been a party to the very complicated negotiations we had with Wall Street and the like. But the staff of the Foreign Relations Committee apparently did their job because during the course of the hearing the Senators asked a question about every single major question which had arisen in the negotiations. To me it was absolutely fascinating that they put their fingers on every single issue that we had as a major point in the negotiations. We had good answers on every single one of those. Anybody connected with the negotiations could've answered. If I had testified, I could've testified in detail and told them exactly how we had handled it.

At one point a question was asked and neither of the people could answer it. One of the people who had worked for us on the delegation was Walter Louchheim from the Securities and Exchange Commission. Walter was in the audience and he stood up and said, "I think I can answer that question," and the senators all looked at him and he was asked to identify himself and he gave the response. But it was fascinating. They wanted to know, but they were not getting a response from the official representatives. Then after Walter gave his presentation they were satisfied. They were pleased. There was somebody who knew what he was talking about and told him what the answer was and the answer was a satisfactory answer. In spite of the mishandling of that, they approved the treaty.

That particular agreement was badly mishandled by the State Department. I don't know whether I've said this before, but the principal witnesses were Warren Lee Pearson, who was then head of Trans World Airlines. He was the nominal head of the delegation and had participated actively at various times, but he had not been really a part of the handling of many of the visible issues. James Riddleberger, who was the director of German affairs, recently had been given that assignment, and who had had no connection with the negotiations at all. It was ridiculous to have those two people present the case for a treaty.

We did not have the customary preparation with the staff of the Foreign Relations Committee that we had in other cases, where we would go over the material and identify all the significant issues and the staff of the Foreign Relations Committee would make sure that senators asked questions about those issues, and we would make sure that the State Department representativnormally the Secretary of Statanswered them so that there would be aware exactly what was being approved. That was not done in this case. Nevertheless, I assume that this was mainly the work of the staff but I would also give credit to the senators because during the course of the hearings they put their finger on every single major issue which had arisen during the negotiations, and they asked questions about it. We had good answers on every single one. We didn't present them very well in that hearing. Nevertheless, the interest in getting the treaties through was such, both on the part of American interests involved and German interests which were able to bring pressures to bear on one or two of the senators in ways that I didn't quite understand. Nevertheless, it turned out very well.

One interesting aspect of the treaty was that the Germans were concerned that the mark would decline in value against the dollar and they wrote in certain provisions which would cover that. In practical terms, later the dollar declined in value against the mark. [laughs]

Q: Yes.

REINSTEIN: And the issue arose to whether the Germans had to pay more than the nominal amounts in the treaty. As a matter of fact, I think that the way it worked out was that they did have to pay more because the way in which the exchange rates had fallen. The decline in the dollar was due to the very large expenditures which the U.S. was making for military purposes. There was a time when we still had fixed exchange rates, but the dollar was under extreme pressure at that time. Perhaps that takes care of the German debt settlement.

Q: I gather it satisfied all parties in many ways because it lasted.

REINSTEIN: We had a major difficulty in the negotiations with one key issue that almost wrecked the negotiations, which was the gold clause. The obligations, particularly under the Young Plan, debts were in fixed amounts with the gold clause in it. Because of the legislation which was pushed through at the beginning of the Roosevelt administration, the gold clause was abolished. It was made ineffective in American contracts. The result was that the Europeans were able to insist that they be paid the full rate. The Americans couldn't ask for that and the result was that the Americans got paid considerably less than the Europeans.

Q: So the British could ask for gold and get it from the Germans, but we couldn't. Is that it?

REINSTEIN: That's right. The obligations to pay were fixed in terms of gold. The net result was the British and the French got paid more than the Americans, and the Americans at one point walked out on the negotiations.

Q: Walked out of the debt negotiations in London?

REINSTEIN: Yes, walked out. They walked out. I remember I went up to New York and at some point Willard Thorpe, who was my boss, went up once and we had rather lengthy and very difficult discussions with the American representatives. They had an organization for representing the bondholders, which represented the holders of foreign bonds, and it was a very important and effective organization for some period of time. For all I know it still exists. But they actually walked out of the negotiations and the negotiations almost broke down. We finally persuaded them to return to the negotiations. In my view, as I said probably earlier in this discussion, I did not see how you could ever get the German commercial relations well established unless you dealt with this problem of the debts because the debt problem would overhang commercial payments.

Q: Well Jacques, I want to move on to something else now. You were in a sense a bridge on our German policy questions between Secretary Acheson and Secretary Dulles. You were active in both their administrations in regard to Germany. Could you contrast for me something of their approach to problems concerning Germany?

REINSTEIN: That's rather difficult to do, I think, because there is, if you go back and look at it, a continuity in American policy toward Germany. I think in the earlier stages of our discussion I have outlined for you how we developed a sort of general conceptual approach to dealing with Germany which covered everything except rearmament. I'm not sure to what extent we dealt with the armament issue and the creation of secure NATO military structure. We'd better go back and have a look at that and see how that's covered because that's a very major development and one that incidentally I have written up briefly in an appreciation of the work by Henry Byroade, who was the real brain behind it.

Q: That was a letter to the Washington Post, as I recall.

REINSTEIN: The letter which I wrote to the Washington Post was never published. Did I give you a copy?

Q: Yes, you did.

REINSTEIN: At any rate, we had a basic concept which we developed very early in 1950 which was understood and agreed by in the State Department. The State Department ran German affairs. The military got into it, of course, to an important extent in connection with the rearmament of Germany and the position of the military forces stationed in Germany, but they did not play a role in the political concept of our deal with Germany. It was very complicated. I don't know whether the name of Miriam Camp registers with you?

Q: Yes.

REINSTEIN: I remember Miriam saying one time she felt so sorry for the people who worked on Germany because every time we had a meeting on Germany the first half hour at least was spent by people from German affairs giving the background, which was always very complicated, and you had to understand the background before you could get to the substance of the problem. There really wasn't much question about our policy towards Germany in the executive branch because the issues that we raised this way went up to the cabinet level where all was approved and the Congress was in agreement with the policy.

As a matter of facl don't know whether we touched on this before; I think we probably diwhen the Marshall Plan was in the process of development and the Europeans sent a delegation headed by Oliver Franks to Washington to consult with us on how to develop the program, there was no German representation because there was no German government. There was only military government and the military government was not represented. The State Department was initially rather hesitant about pushing German participation strongly because of concerns about the political attitude of the countries which had been invaded and maltreatethat's a mild terby the Germans during the war. When the Marshall Plan legislation went to the Congress, the Congress was very insistent on full German participation in the plan because they had the sense that a significant German contribution in terms of production and trade was important. And they were right. Germany was the machine shop of Europe and the bad state of the German economy was a general drag on the European economy. The Congress was quite insistent that there be full German participation. Well, the participation only took place through military government until the formation of the German Federal Republic.

As I say, there was a sort of general agreement on how to deal with Germany. There were obviously criticisms. You can't have any good government policy that doesn't attract a certain amount of criticism and difficulty. A certain amount of it actually came from the press. I remember at one stage when I was director of German Affairs, talking with the New York Times about the coverage of Germany. I complained to them because it seemed to me that any time that anything came uif it concerned a former Nazthey gave it very broad, significant treatment. I said to them I didn't think that they were portraying what was happening in Germany accurately. I said if you pick up a stone, you find a worm or some unpleasant things underneath it and if you describe that, that's a factual statement but it's not an accurate description of the landscape. It seemed to me that they were digging up small things to bring into question the validity of the development of democracy in the Federal Republic by concentrating on these incidents involving former Nazis. The answer they gave was that the State Department was misleading the American people and they felt it was their duty to present the other side.

But by and large I'd say our policy toward Germany was a policy which was broadly accepted. It did not come under public discussion and public disagreement. At a later stage questions did develop as to whether we should maintain the level of forces that we had in Germany and whether we should reduce them or even remove them. Those issues were raised over and over again at various points. That was really at a later stage; and certainly in the earlier stages of the development of our policy toward Germany it was not a subject of great debate or disagreement. It was generally accepted. So, to come back to your question about the two men; in effect, Dulles continued the policy of Acheson. As a matter of fact, the Republicans had made during the course of the campaign rather significant criticisms of the Democrats on various subjects and suggested that when they came in things were going to change. In practice, there really wasn't all that much change. I can't speak with knowledge, for instance, about Far Eastern policy, but I can only talk about our European policy. European policy was carried on exactly as it was.

I do need to make one point herand I may have mentioned this beforwhich was that Dulleand this is going back a long time and I think I've mentioned this in connection with the debates that took place over Austria at the Moscow meeting and then before. Dulles was convinced that the American people would never consent to the continued stationing of American forces of significant numbers in Europe. He kept looking for ideas about taking them out. I think, in fact, he backed away from that. But intellectually he was never really convinced that the American people would continue to support a significant American military presence in Germany and in Europe, and that we ought to get out.

Q: That's very interesting. I have never read that in any of the books about him or heard him ever speak about it.

REINSTEIN: He certainly voiced it vocally in meetings that I attended, and as a matter of fact, when he was Secretary on one occasion we were having a meeting in his office and we were on a different subject and we got to the end of that discussion and he said, "Well when are we going to take our troops out of Europe?". Things like that. He had a lot of the top people in the department, at least those concerned with Europe, sitting around the table and there was a kind of silence. Then the director of the Office of Regional European Affairs said, "Mr. Secretary, you can't do that," and he started arguing with the Secretary. I got into the argument and the two of us were arguing with the Secretary. Bob Bowie had not been in the meeting and while this discussion was going on he came in and sat down and he heard what was going on and he really sailed into the Secretary. Dulles was very fond of Bowie. I think he kind of looked on him as almost a son or something like that. I have never heard any officer ever speak to the Secretary the way Bob did on that particular case. He sailed right in with both fists and finally Dulles said, "Alright, I'll be goofor a while," [laughs] which meant alright, he wasn't going to push the issue then, but he was not persuaded.

I was going to say, you're quite right. These issues came up really in meetings in conversations and they're not reflected in any official papers.

Q: [laughs] Well, that's a very interesting story.

REINSTEIN: As people to work with, there are all kinds of things you might say about the two people, but your question really had to do with policy. I think the answer is that Dulles carried on the same policy. Of course he was not very popular when he became Secretary of State. The State Department had, I think it's fair to say, become quite emotionally involved with Acheson. Acheson had been there; he had held one job after another, winding up with everything. He came in as an assistant secretary.

Q: And he was under attack by McCarthy vigorously at that time.

REINSTEIN: He came in in 1941. He was assistant secretary for economic affairs; he was assistant secretary for relations with Congress; he was undersecretary; he left and then he came back as Secretary. One of the things that was very difficult when he came back as Secretary was everybody had been in the habit for years of addressing him by his first name. [laughs] It was hard to break that habit. I remember one time Chip Bohlen and I were sitting there in a meeting and he addressed him by his first name [laughs] and he corrected himself and said "Mr. Secretary." He had been one of us in so many ways that when he came under attack, that attack wasn't just against him, it was an attack on the State Department too and we were all emotionally involved.

I don't know whether this is a matter of record or not, but it was in the days when we had the original building on 21st Street and there was this big open space behind it and he made his farewell speech to the staff. We all stood out there and it was a very emotional experience. About a week later Mr. Dulles came in as Secretary and he had a meeting in the same place. He addressed the staff and he said to us that he understood how we felt. He tried to tell us, "Look, you've got a new administration and you take their orders," and he used a term that stirred up all kinds of ill feeling in the department; he said we should have positive loyalty, and that term "positive loyalty" was just like a firebrand. It made almost everybody angry. It didn't make me angry because I had been a personal assistant to Acheson in his office back in 1941 and '4I had this long association with hibut my own feeling was this needed to be said. Maybe the phrase was unfortunathe could've found a better way of saying ibut it had to be said. Unlike most of my colleagues in the Department, I did not find Mr. Dulles' remarks offensive. [laughs] But as I said, people did know hiafter all, he had been associated in one way or anotheand I remember one of my friends saying John Foster Dulles was the only guy crooked enough to follow the same policy and pretend that it was a different one. Certainly, in terms of Europe, there was continuity.

Q: Differences in personality but not in policy, I guess you could say.

REINSTEIN: Let me add to that. The working relations between the people in the Department and the Secretary were not good.

Q: Now you're talking about Dulles here?

REINSTEIN: Dulles, that's right. I remember talking with Eleanor Dulles about this and she said people were kind of extraordinarily stupid. Why didn't they send several people up to New York and go to his law office and sit down with him and say, "What kind of a guy is this?" and "How do you deal with him?" and so on. That would have been the sensible way to do this. The ease of working relations between the staff and Dulles was not a good, easy relationship. They didn't thrust in; they had a hangover of loyalty to the previous administration, and to Acheson in particular. They didn't work very well with him. I worked very well with him. I had an extremely good working relationship with him. I got along fine.

Q: Let's move on now to, I believe, 1955, when you became director of the Office of German Affairs, an office which you held for a number of years. What were your principal problems as director there? We had competent ambassadors in Germany, I think, in Mr. Conant and Ambassador Bruce. You were working for Assistant Secretaries Merchant and Elbrick during those years.

REINSTEIN: The principal problem which we faced at the timl guess you have to go back; it isn't '55 which is significant, '54 is the really key date in the development of our European relations. And that was the date of the collapse of the European Defense Treaty.

At the risk of going back and repeating some of the things that we've said, we can eliminate. The issue of German rearmament arose after the outbreak of the Korean War, which was the first time that the communists had breached the de facto lines which the troops had come to at the end of the war. That got the Europeans very excited. They were afraid that the Soviets would invade Western Europe and they were screaming for American reinforcements. The American military didn't want to send any forces to Europe. They were unenthusiastic about having forces committed there anyhow. The pressures were very strong and we did send some significant reinforcements in 1950.

The military took the position that Europe was not defensible without German participation and if they were going to commit forces of significance to Europe they wanted to have German contribution. How to handle that was the brilliant conception of Hank Byroade, who came up with this idea of the integrated NATO force under American command, which eventuated in the creation of the NATO military structure. The concept of a European defense force of the kind the French had proposed was approved by the North Atlantic Council in Brussels in December of 1950. Negotiations got under way in Paris and they went on for several years in a very complicated way. There was considerable annoyance on the part of the people who were not involved; the Americans and the British said things weren't getting done. They spent an awful lot of time developing a very complicated structure for the European defense community, which was not well conceived, I think, because as I recall in effect it called for the creation of a military force without accompanying political structure. That was a failed era, I think, because it meant that you tried to get all your safeguards into the military structure. It got very complicated. Acheson and Eden fussed and fussed and finally great pressure was put on the European group to come to some conclusion.

I was in and out of those negotiations in the period of '51 and '52 peripherally because I was involved in two related issues. One of them really had to do with the German rearmament and the other one the responsibilities. The one that was related to the German rearmament was a discussion of what armaments the Germans would be permitted to have. We had a negotiation in London; we had actually two negotiations carried on simultaneously in '51, I think, one of which had to do with limitations on German forces; what equipment they could have. I was the head of negotiations with General Carter Magruder, later commander in Korea, as my chief military adviser at the larger delegation. The American military didn't come up with any significant imaginative ideas about it. [laughs]

The other negotiation had to do with the phasing in of the financing of the European army. At that particular time our forces in Europe, in Germany, were being supported by occupation costs. When a European defense community would be established it would have a budget and that budget would be responsible for arming the Germans, the Germans would have to contribute to that, and that would mean that there would be reduction in the funds available for the support of the allied forces in Germany. We had a separate discussion on how to phase the occupation force out and the European budget in. Those negotiations took place in London and they didn't really get anywhere very much. There was a three power foreign ministers meeting in Paris and I just cut off these negotiations and went down to Paris to see what I could do with the foreign ministers.

Q: Our foreign minister was still Acheson or was it Dulles?

REINSTEIN: Acheson.

There was a meeting of the ministerial council in Rome and we went down there and on the side the French and the British and I worked out a formula with which we tried to reconcile these conflicts. It was really a very curious kind of thing. One difficulty I had with dealing with Acheson was that when these major matters came up, somehow or other I was never allowed to brief him ahead of time, which got us into a certain amount of difficulty at various times. Apparently, in this particular case, there had been some discussions. We had a very informal meeting at the American embassy in Rome with Dean Acheson and Schuman. The British and I had worked out the formula, agreed with the French, actually negotiated the thing in French, and then he and I went off and made an English translation and when they got the English translation they didn't like it very much, and then we translated it back into French. We had a meeting at the French embassy. It was in one of the marvelous buildings in Rome, one of the great palazzi. When we brought it in it involved the use of grammar which we hadn't used in some years and we weren't sure of our grammar. [laughs]

Q: In French?

REINSTEIN: Yes. So we presented this draft to our French colleague. [laughs] You know, the French were absolutely wonderful. What he concentrated on was putting it into beautiful French, not focusing on the substantive changes that we made, and we wound up with a text that was recommended?well, we submitted that informally to the foreign ministers. Well that evening we had a meeting and there had been no discussion at all on the American side about what this was all about. This was something that I had been working on for a couple of months and there was a tough question about involving significant amounts of money, and no opportunity to talk with the Secretary of State about it at all.

We got into this tiny little meeting room and Acheson said that he got this draft but he didn't particularly like it. The French number two was Herve Alphand and Alphand said, "Well, why doesn't Mr. Reinstein explain this." So they all turned to me and I explained how the Americans and the British obviously wanted to keep as much of their occupation costs as possible. The French were in a sort of different position because while they were getting occupation costs they were going to be shifting over to this different financial system, so this involved conflict. I explained how we had attempted to resolve the conflict and then come up with a formula. At that point Herve Alphand said, "Well the French attach no importance to this point at all." So where did that leave you then, because presumably we had been trying to negotiate a compromise between the British, the Americans, and the French and the French said they weren't really concerned about it.

At that point Eden said he thought this was really a very bright solution that these young fellows had come up with and so he defended our proposal. They sat around; I remember one of the thingEden got kind of hungry and somebody went up and got a candy bar for him [laughs]. Anyhow, he supported the proposal of the experts, the French said that they weren't interested, the Americans said they didn't like it; but they didn't come to any conclusion. So, in effect the proposal was adopted with the support of one foreign minister and was sent off to Germany as guidance [laughs] even though the other two foreign ministers hadn't indicated that they had any interest in it at all.

Q: And Mr. Acheson just sat there and didn't do much?

REINSTEIN: It was one of the strangest meetings I've ever been to. It went off and the negotiations proceeded.

Then early in 1952 we had a NATO ministerial meeting in Lisbon and it was at that meeting that Greece and Turkey were admitted to the alliance. The subject of the financial negotiations had been sent to the allied high commission in Germany to discuss with the Germans. While we were there we got a German proposal. It came in something like a Friday to all three delegations. The German proposal was absolutely unspeakable. The French and the British went off for the weekend and I stayed in Lisbon and worked on redoing the German proposal. What I did was a technique I've used in other cases of taking the form of a proposal, so that superficially it looks attractive, but substantively putting in your own position. I worked out a counterproposal.

We were not organized in any way at all. Somehow I guess we passed our paper around to the British and the Frencl don't think we had any discussions during the daand they decided they would have a meeting of the foreign ministers. The foreign ministers went and had dinner at the British embassy and they decided they were going to have a meeting after dinner. This was the darnedest meeting I think I've ever been to. I walked in and I was met at the door by Eden. He put his arm around my shoulder and said, "Come on over and have a drink." He said, "Am I going to catch hell when I go back to London because I have agreed to transfer the headquarters of NATO from London to Paris." Anyhow, we had drinks and we went into the living room. There was no table. We were not organized by delegation. So there were foreign ministers here, experts there, and we had an extremely disorderly discussion in which experts and ministers were arguing with each other. Instead of having the normal setup with the ministers at the table and the advisers behind, they were spread all over the living room and they were arguing back and forth. At one point Acheson, who had dug into this issue at an earlier stage and didn't understand it, made a proposal that would have gotten us into a lot of troubland I was over on the other side of the room and I went over and I grabbed a chair and I sat down next to him and I said, "Mr. Secretary, look, this is going to get us into all kinds of trouble, this proposal that you've made. Get out of it." It got him off of it. We carried on this discussion of the drafting of the document in this disorderly way and finally came up with a draft.

It was agreed that they would send this to the Germans with a more or less ultimatum. [laughs] I had never had this experience before, but the three foreign ministers were really very pleased with themselves. They thought that this meeting in Lisbon had been a great success and they more or less dictated the message to go to the German cabinet saying that it was an extraordinarily successful meeting and they hoped the Germans [laughs] weren't going to spoil everything by refusing to agree to the arrangements which we were proposing, and they were sending this document and they wanted a positive answer to it by five o'clock the next afternoon. This was around about ten o'clock in the evening.

We did not have any kind of mechanical communication between Lisbon and Bonn and so the only way I could get it there was to have it on a OTP, one time pad, which, as you probably know, is a very slow process, and then take it to the military and have them send it in their code to be delivered in Bonn and it would be headed to McCloy at nine o'clock the next morning. By the time I was able to get this worked out through the code people there, my heavens, it was about three or four o'clock in the morning. I remember carrying this to where our military contingent wathis was early February and it's a beautiful time in Lisbon; soft air and flowers in bloom and absolutely quiet. I remember carrying it to this installation and giving an instruction on sending it. I doubt whether our message got there. Probably the British got through or something.

The next day in the morning there were NATO meetings and then in the afternoon the three foreign ministers got together at the French embassy and we had a meeting room there and we dealt with a variety of things. I had set up arrangements for publicizing this agreement if it went through and I had to give the signal to USIA (United States Information Agency), I guess it was, or whatever organization we had at the time, to release the document I had drafted because we wanted to take credit for it. Anyhow, we had a meeting of the three foreign ministers and they had various things that they took up. Then they didn't have any other business that they had to transact and they all arranged to leave later, so they just sat around the room chatting. It was absolutely fascinating. Eden read his dispatch box and said, "Here's an interesting telegram from Cairo. Read this," and he was handing it out [laughs] for his colleagues to read.

Q: No worries about security there, right?

REINSTEIN: No. Schuman, Acheson and Eden really were friends and they enjoyed each other's company. It was fascinating.

Schuman said, "You know, I think we really got on top of the communist problem." There had been a strike by the communist trade union which did not have an economic basiit was purely politicaand they broke it. And he said, "I think we now are on top of the situation," and he gave that analysis. It was absolutely fascinating to listen to.

Q: Yes.

REINSTEIN: Then Eden said, "I wish somebody would explain the Korean negotiations. I cannot understand them. So Acheson sat back and he gavl was fascinated; I would've loved to have somebody explain thia detailed explanation of the entire Korean armistice negotiation. What the issues were, what the status was, and where he thought they would come out in the end. To me this was extraordinarily fascinating because remember when Eisenhower was elected he said, "I will go and I will settle this," and so on. Having heard Acheson's explanation in February, where we came ousomewhat over a year latewas just about where Acheson had predicted. That's really fascinating.

We got our answer back from the Germans. The deadline was five o'clock. We got it back at four o'clock. [laughs]

Q: [laughs]

REINSTEIN: They accepted and so I had to run out and leave the meeting to let the press release go and I came back and I slid into my seat and nothing was happening. Nothing happened. They were just talking. Perry Laukhuff, in German Affairs, was there and I said, "What's going on?" He said, "Nothing. It's all over." They had still had one thing that they were going to settle and apparently they had settled it while I was out of the room. It was rather interesting because these people enjoyed each other's company so much that they were really reluctant to take leave from one another. That was that.

The negotiations for the European Defense Treaty went along and they never seemed to come to an end. Two things happened. The British and the Americans were getting more restive about the fact that nothing was happening about German rearmament. We were still fighting the war in Korea, of course subject to these two military pressures of having to have forces of some kind in Europe, adequate for the purpose to confront the Soviets, and to carry on the war in Korea. The other thing was that a good deal of disenchantment had developed in France about the idea and you had a change of government with Mendes-France coming in, who really was basically unsympathetic to the idea at all, but who, when he came in, said, "I am going to make sure that there is a vote taken and we get a decision on this issue." Various things happened, but basically two things happened, I think. One was that Mendes-France took a series of positions which tended to be contrary to the positions which the French government at taken, and which raised questions about the basic validity of the concept of the agreement. The parties agreed to bring the negotiations to a conclusion and I do remember sitting in on a telecom in Washington in which I suppose we were getting reports from Paris because the negotiations were going on in Paris, although there were side negotiations also going on in Brussels at the same time. I was never quite sure how those related to one another.

Q: Brussels was the seat of the Five-power Defense Commission in which the British and the Low Countries and France were at heads.

REINSTEIN: I forget the name of that. It had a small secretariat, but it didn't amount to anything.

Q: But they used that later as a stepping stone to move Germany into NATO.

REINSTEIN: Well, they used it because they had to find a place to put some things.

What happened was that at the end there were a vast number of unresolved issues and they simply swept them under the rug. They didn't resolve them at all. So the document which they signed was an absolutely unworkable document. I don't think the basic concept ever really made much sense. The French negotiators, in an effort to tie the Germans down, put so many powers into the supranational organization that it in effect destroyed a great deal of the independence of the French military. So the agreement as it emerged was unsatisfactory to France and was rejected by the French parliament. It all collapsed. We had worried about that. Three of us went secretly to London in June to talk with the British about what we would do if the negotiations collapsed.

Q: Was this June of '54 or '53?

REINSTEIN: This was June of '54 and we wanted to keep it secret so Cecil Lyon and I and a lawyeBen English, I think it waall went to London and we all went by different routes. Cecil went directly, I went to Paris and then quietly went over, and Ben English went by way of Brussels [laughs] and when we he got to Brussels he had great difficulty getting to London. And we had these meetings with the British to try and figure out what to do if the negotiations collapsed. They didn't have any ideas and we didn't have any ideas. Apparently Eden himself, or somebody on his staff, came up with the idea of what was the ultimate solution of bringing Germany into NATO. The tricky part was that the EEC treaty involved commitment by the Germans not to have any ABC weapons, and you had to find a place to put that. And that was what was put in the Brussels treaty, which had originally been written as an anti-German treaty [laughs]. They made the Germans a party to it and they incorporated these undertakings in the western European treaty which continues in effect and has got a small, ineffective secretariat. Every once in a while it has a meeting just to indicate that it still exists or something. Every once in a while they think maybe they should do something about it, but they never seem to go anywhere. We found ourselves faced with a crisis; so that was a major crisis and the biggest crisis that we had confronted, I think, until that time.

Q: Now German rearmament reoccupied the countries for a number of years and I gather you were at foreign ministers conferences where this was discussed.

REINSTEIN: I attended all the meetings of the three foreign ministers practicalll think I may have missed one or twand all the meetings with the Soviets up until '56, when I guess was the last one I attended.

One of the problems was just to find the time and place to meet. This was sometimes the problem where you had these NATO meetings and the conference facilities were completely used by NATO so that when you wanted to have meetings of a bilateral character, or a tripartite meeting, it was in a place where one of the occupying powers was not the host. Finding a place to meet was not very easy and fitting in a time, sometimes doing it at lunchtime. You'd be eating lunch and keeping notes while the ministers were talking and if you got a bite in here and there you were lucky.

I remember a delegation meeting where we were discussing how to handle negotiations with the Germans and part of the problem was the carry over of occupation costs. We had the controller of Dï¿½sseldorf there, a brigadier generaa real accountant type. This is getting away from the business meeting, but it's a reflection on Acheson and how these things get done.

Q: It gives it flavor, yes.

REINSTEIN: Acheson said, "Well, I'll tell you, here's the way we'll solve this problem," and he came up with a very neat solution, and the controller said, "The trouble is there isn't just one carryover; there are two carryovers." "Well," said Acheson, "alright. We'll take the following way?" and when he finished his exposition the controlleGeneral Binns, his name wasaid, "Well, Mr. Secretary, the trouble is there aren't just two carryovers, there's three carryovers."

Q: [laughs]

REINSTEIN: And that's when Acheson said, "Well I'm not sure we should try and deal with this." [laughs] I don't know whether it was his background in the Treasury or what, but anyhow he liked to dive into some of these things and solve them. He was given to solving problems, I guess. [laughs] I had to tell him off. He accepted what I had to say to him.

The negotiations went on and on and on for some time in 1955 and finally we reached an agreement but we discovered that Schuman was no longer there.

Q: The French foreign minister?

REINSTEIN: He had gone off and gone to bed, [laughs] leaving the matter to Sauvagnargues.

Anyhow, we were all set to endorse this but there was no Schuman. So Eden got quite annoyed; he said, "Well here I've been sitting up and he's got up to go to bed. Someone go and get him out of bed and get him to approve this thing." So Sauvagnargues went off and came back after a while with Schuman's approval. I remember, maybe it was some considerable time later, I was talking Sauvagnargues and I recalled this particular incident. I said, "I have a question for you," and he said, "What?" I said, "Was he wearing a white nightshirt?" and he said, "No, he was wearing pajamas." [laughs]

Q: Ah. Papa Schuman.

REINSTEIN: In point of fact, that put into place one piece of negotiations being carried on in Bonn, but none of those negotiations ever came to a conclusion because of the fact that the French didn't ratify the treaty.

Q: The European army treaty?

REINSTEIN: Yes. We had the signing in the spring of '52.

Q: In May of '52 there was the signing in Bonn.

REINSTEIN: Yes, I was there. Before that, I can remember in the last stages of the negotiation of the economic treaty we had a major telecon. A group of people at one end and a group of people at the other end sending messages back and forth and flashing on the screen.

Q: Oh. yes. A telecon, yes.

REINSTEIN: A telecon, yes. T-E-L-E-C-O-N. We had a large group in Washington, of which I was a part of, and they were reporting to us, because pressure had been put on the negotiators to wind up the negotiations, how the negotiations were being brought to a conclusion. It was very clear to me. I had followed the negotiations in general terms.

Q: Now at this time you're back in London, are you?

REINSTEIN: Let's see. I was in Washington at that time.

Q: After Lisbon what happened to you? Did you go back with the secretary to Washington?

REINSTEIN: We went back to Washington. In the fall of '51 there was a Paris meeting which was a three power meeting. Then we had a NATO ministerial meeting in Rome, and I was at both of those. I was the principal negotiator on two working groups that were supposed to work on solutions for dealing with the German armed forces. One of them was to deal with the handling of the occupation costs; and the other one was to deal with the military limitations which should be placed on the German armed forces to prevent them from having an independent military capacity not subject to allied control. In the fall of '51 I was sent back to London to work on both of those. I was in London, I went to Paris. They had a meeting in what was later my office when I was in the embassy. [laughs] I had authority to travel and so I invited myself to go to the meeting and I sat down by Byroade and he wasn't aware of the fact that I was there. At some point I leaned over to say something to him and I said, "Hank," and he turned around and looked and he said, "What the hell are you doing here?" [laughs]

Q: [laughs] Talk about a surprise.

REINSTEIN: I had these two enormous delegations which I managed to get rid of. I had advisers from a half a dozen government agencies, including Defense and Treasury. I figured nothing was going to happen with a delegation of that size, so I'd get rid of the delegations.

I went down to Paris, taking Dan Margolies with me, and then on to Rome. We began by struggling with this question of finding a formula for agreement to reconcile the allied requirements and the EDC treaty requirements financially. We worked out some kind of a formula wherit was just four of us and we met in the French embassy in Rome and we carried on our negotiations in French. The French gave us a proposal which we negotiated on, and then the Brit and I went off to put this into English and after we translated it into English we discovered that we didn't like some aspects of this. So we worked out language that we thought was acceptable, but then we had to put it in French.

Q: "We?"

REINSTEIN: The Brit and I. This involved getting into past subjunctives and things of that kind, things we hadn't touched on in our use of the French language for some time. Anyhow, the next day we produced our draft with apologies for errors that we may have made in the grammar. This is all rather typical of the Frencthey're always fascinated by the beauty of the languagand so Valery sat there making the language beautiful and not paying attention to the substantive changes we had made. [laughs] So he produced a paper in perfect French, which we then did in English text, and we had a very small ministerial meeting that night at the American embassy in Rome and I had had no opportunity, again, to talk with Acheson about this, to discuss what it was that we'd done. We got into a small room at the embassy. There was only a handful of us.

Q: Now this was not a NATO meeting? This was just a meeting of the three powers?

REINSTEIN: The three foreign ministers. [laughs] One of the things that I remember about that meeting was that Eden got hungry and had to go out and get a chocolate bar.

Q: [laughs] In the land of good pasta, too.

REINSTEIN: I don't think he was eating pasta anyhow. [laughs]

We were at the Villa Margarita in Rome and?

Q: Excuse me, how could the three ministers meet there and not include the Italian foreign minister? Did he make any noise about that?

REINSTEIN: The Italians made noises at various times about participating. They felt that they were left out. We did have provisions for periodic consultation with the Benelux countries, but the Italians didn't fit in anywhere. They eventually made a political issue of this. So we set things up so that we had the three powers and then we had another committee which included the Germans, a four power working group, and we had the Italians and the Benelux; and they were allowed to come in and talk to them. But in a sense it had a rather curious result because at some point this committee came up with a proposal and it had to be considered. The proposal probably was never adopted. It was discussed, I think in the NATO meeting, and there was some criticism of it; and the Italian Foreign Minister said he thought that the experts had come up with a very sensible proposal and defended it. An issue was made of this in the Italian parliament and the government fell as a result. [laughs] So the major accomplishment of this particular committee was to cause the fall of the Italian government. [laughs]

Q: The crisis of the Italian government.

REINSTEIN: The negotiations were carried on in Paris in those temporary buildings that they had at the Trocadero, in which I had sat in at some point, but not as a delegate. But because of my need to deal with the tripartite negotiation I had to follow and know what was going on in the European army negotiations. When we had this telecon it was obvious to me that what they had done at the end of those negotiations was to leave a vast number of major issues unresolved, simply swept under the carpet.

Q: You say "they." The French?

REINSTEIN: The negotiators of the European army treaty.

Q: Oh. Among the six countries that were negotiating. Alright.

REINSTEIN: They just swept a whole series of major issues under the carpet. I suppose if they had decided to go ahead they would've had to deal with these issues at some point. I can't remember how the treaty was drafted in terms of decision making. It probably required general agreement so that they were simply postponing the issues and going through the form of making an agreement. The trouble was the French, in their desire to pin the Germans down, put in so many limitations that applied to everybodthey applied to French forces as well in Germany, that the solution was unacceptable to the French parliament. For a long time they wouldn't even submit the agreement to the French parliament and when they did they did so knowing, and practically insured themselves, that it would be rejected. This was in '54, in that crisis.

In between was the German debt settlement. Do we have time for that? We'll deal with the German debt settlement, which is a subject that we can cover sequentially as a unit.

All right, let's talk about the German debt settlement. You'll remember that I said earlier that one of my initial reactions to the several months that I had spent in Germany in the fall of 1949 was that things were going very well. I didn't mention the general economic situation, but that was progressing quite favorably. This was before the German economy received two stimuli in the following year. One was the Korean War because the Germans benefited from the fact that American production had to be geared to war production and they were able, with Marshall Plan aid, to take advantage of the markets, which otherwise the Americans might've held. The second thing which I think I'd like to deal with firsmaybe it doesn't fit into the time sequence, but I did mention it earlieis the fixing of the rate on the deutschmark.

During the occupation, as you probably remember, there was no exchange rate. When we first went into Germany we had a rate which we set against the mark for troop pay purposes, which tended to become a kind of exchange rate, and then it was more or less carried over, I guess, at the time of the currency reform. So it in effect continued. But I think it's worth spending a few minutes recalling how German foreign trade was carried on. It was carried on in principle through state trading agencies. In the case of the bizone the famous JEIA, Joint Export Import Agency, and the comparable and cooperating office in the French zone. For practical purposes they eventually worked together closely.

One effect it had was to make export proceeds. Trade was carried on by German firms. In principle, the money went to these government agencies and therefore was beyond the reach of creditors to attach. The Americans played an important role in this because we, as the principal supplier of aid to Germany, had exacted an agreement between the British and the French that we had first call on German export proceeds for the satisfaction of the German debt to us for our aid. That was incorporated in some legal document. I accepted the fact that it existed but I don't know where it existed. Nobody ever disputed it.

That was not, in our view in Washington in the economic side, a very efficient way of carrying on trade. It was not in accordance with our principles. We were not convinced that the results of this were highly efficient. I think the whole concept ran counter to our state principles. So the abolition of those agencies was a kind of unspoken objective of our policy.

Q: Those agencies being JEIA and its French counterpart?

REINSTEIN: Yes. JEIA was really the one we were after. There were several organizations set up by the military government that we were anxious, for political and policy reasons, to get rid of. That system was kind of backed up also by a piece of bizonal legislation which precluded the payment of prewar debts. So you had a system in which domestically, in Germany, you couldn't make a claim and internationally you couldn't make a claim on the export proceeds.

Q: Who put that into effect? Was that done by the German laender, or by the high commissions?

REINSTEIN: No. This was a piece of bizonal legislation.

Q: Which means that it was done by the two governments, British and American.

REINSTEIN: The military governments. Military government legislation.

Q: We forbade them to pay foreign debt.

REINSTEIN: Yes, that's right. It suspended pay. I never saw the law. I simply knew that it existed.

That was not a situation that you could continue to live with and there were pressures to move on from that. One of the principal sources of pressure on the American government was the New York banks, which were Standstill creditors in 1931, I guess, when the intergovernmental debts were suspended by the Hoover moratorium. The New York banks agreed not to collect on their extensions of credit to German banks. The Standstill Agreement, it was called. The banks had been pressing the military government to do something about that, to let it be paid.

When I began to deal with this situation it seemed to me that what you should not do was to have special treatment for particular classes of creditors. There would be pressures for that. We were getting into the Standstill creditors claim that they would be first in line. And then you had special provisions under both the Dawes Plan and Young Plan loans for the benefit of the bondholders, and those raised a problem for the United States because those agreements had gold clauses and gold clauses were not enforceable in the United States. So if you gave effect to the gold clause in the Young and Dawes Plans loans, the European creditors would be favored at the expense of the American creditors.

Beyond that I had a certain amount of personal exposure to some of these issues through family connections. My father-in-law was a lawyer and among his lawsuits was one against the National City Bank in connection with their administration of an estate. They had donand this was not just that one case, this was repeated over and over and over agaiwhat they had done in this particular case was they had sold off very good American investments. The trust department of the bank administered the estate. The trust department sold off very good American investments and invested the money in Latin American bonds, which the bank was selling, and German bonds and the like, all which were defaulted on. So the value of the estate was considerably reduced. My father-in-law brought a suit against the National City Bank and the directors of the bank, individually, on behalf of the estate for mal-administration. This came along just at the time of the hearings on what turned out to be the Securities and Exchange Act.

Q: In the '30s, yes.

REINSTEIN: Ann, my first wife, was working in my father-in-law's office as his law clerk. As the hearings progressed they got admissions from the banks that they knew that these loans were no good. I must say that my father-in-law got a very handsome settlement from the National City Bank on that case. Through that particular case, and I guess maybe otherwise, I had learned that in effect what happened was that the New York banks which sponsored these loans pushed them off onto various of their correspondent banks around the country and said, Look, your quota for such and such is so much. You take that or you don't get any more business. So the general effect of this was that they had palmed these no-good bonds off on the widows and orphans around the country, which was the kind of thing that the Roosevelt administration was trying to prevent in the Securities and Exchange Act, and was the kind of thing I got exposed to in the early New Deal.

Anyhow, we had the gold clause, we had the special position that the New York banks, which were responsible for these bonds, were also the ones who were asking for first preference in Standstill credits. My reaction was, oh no, you don't. One of the basic principles, it seemed to me, was thaand also through experience and negotiation you know how people try to get special preferences and the pressures which are put on say a government like the Truman government, one way or another to go along with the special preference of one kind or another.

Q: By the way, bonds that were say issued by places that are no longer German, were they declared worthless?

REINSTEIN: Well, we didn't attempt to deal with the East German bloc. We were dealing only with the obligations of the German Reich and entities which had a continued existence in Germany.

Q: In the Federal Republic of Germany.

REINSTEIN: In the Federal Republic.

Q: And West Berlin presumably was included.

REINSTEIN: I assume so. It must've had Berlin in it. Berlin involved some special problems. I can't remember what they were because a lot of the banks had their headquarters in Berlin, of course. Berlin had to be included, I think for that reason.

Anyhow, the sort of general position that I took was no special treatment for anybody. Everybody comes in and gets treated the same; and that means that your meetings are open and everybody is there and everybody sees what is going on.

Q: Now these are the debt meetings that were open?

REINSTEIN: Yes. This was my proposal, my position.

The British screamed their heads off. We began these discussions in the spring of 1951 after the Germans accepted the revision of the occupation statute, with the understanding that debts would be dealt with. What I proposed to do was that we have a conference at which everybody would be represented, but that before the conference it would be organized and outlines of settlements and things like that would be worked out among the three western governments with a commission that they would set up. The British didn't like this at all, of having everybody in. They said it would be crazy, this mass meeting. The French went along with this I think because their interest in the Dawes and Young Plan loans perhaps. Anyhow we did have initial difficulties with the British. But if they wanted to get anything done they had to agree with us because we were in the driver's seat. Not that we took undue advantage of our position, I don't think, but we made it very clear that there would be no agreement unless it were acceptable to the United States government, and the United States government was sitting there with a claim against Germany for I think it was three to four billion dollars.

Q: And we were by far the largest claimant.

REINSTEIN: We were the largest claimant and obviously we were not going to collect all of that. But without concessions on our part there couldn't be any settlement. So we were in a position to protect the forward American interest.

We set up a preparatory commission, tripartite, which sat in London. The American representative, who was there only part of the time, was Warren Lee Pearson, who at the time was the head of Trans World Airlines. And then I managed to get a Treasury expert, who has just died recently, John Cotter. John, at the time, was an outside representative controller, a fellow who was watching the Bank of Athens. If you go back over a period of years, you discover that at various times people have had to do something to grease and reorganize their finances. There's a history going back to the '90s at least, usually involving some kind of international control. John was the fellow who was supposed to watch the Greeks at that time. I guess I had known him vaguely, but I had a very high opinion of him and I thought the kind of background he had would be helpful. To find somebody who really could work on this and who would be possibly available was not easy. But I managed to pry him away from that job in Athens and install him in London. He played a very important role. .

Q: Was that the conference that Dick Kearney was with you?

REINSTEIN: Yes. Dick was our lawyer on that.

Q: The legal adviser.

REINSTEIN: Yes, he was the lawyer there. I forget who was on that delegation. It was at the very end of the intercontinental study group on Germany when we began to work these things out and I actually began my hiring of people for that while I was in London in the spring of '51. Anyhow, we did set up this tripartite organization which did a good job and laid the groundwork for the conference. It began at the time of the death of King George the Sixth.

Q: February 1952.

REINSTEIN: Yes. It was right at the end of the foreign ministers' NATO meeting in Lisbon because I went from Lisbon directly to London, and unfortunately I had put on a tweed suiyou know, with an eye to the kind of climate you would have in London on arrivaand was taken to the initial reception where everybody was clad in mourning except me. I stood out like a sore thumb [laughs] with a red necktie and everybody else was wearing a black necktie.

Q: They had to wear black armbands for six months, I remember.

REINSTEIN: Well I was in and out of London in all that time and I was wearing the black tie. I didn't wear the black armband, but I did wear the black tie. As a matter of fact, I went out the next morning and bought a black tie.

Q: Yes, we did wear the black tie.

REINSTEIN: Yes, and I wore the black tie for six months. I went out and bought a black tie the first thing the next morning and then as soon as I coull got a rather ratty one at first and then I got a proper silk tie which I wore for the balance of the mourning period because I was in and out of London. I was in the curious positiol ran the thing from Washington. And I also put myself on the delegation in London so I could go back and forth.

Q: I see. I'll have to correct something I asked you before about whether you'd gone directly back to Washington from Lisbon with the Secretary and you said yes, but apparently you went to London.

REINSTEIN: No, I went to London. As a matter of fact, as I recall now, I went to six international conferences in a row in that particular stint. Just one right after another, and different subjects. Anyhow, I got there and I did attend the initial meetings in London and they were orderly. They were set up the way we had wanted to. The negotiations were extremely difficult because of the conflict of interest between the American and European creditors.

Q: How many countries were represented at the conference?

REINSTEIN: I think a dozen. I don't know.

Q: Probably the Benelux countries were there.

REINSTEIN: Yes, the Benelux countries were there.

Q: Perhaps Sweden. I don't know about Finland. Switzerlandid they come?

REINSTEIN: The Swedes were there becausit was very interestininadvertently we included in that agreement a clause which the Germans much lateand I tell you I know the Swedes were there because I worked with them on this [laughs]. We managed to get the Swedes to mobilize the German assets in Sweden and turn them over to us as reparations. The Swedes were very cooperative; the most cooperative of any of the other countries. The Germans, relying on a clause in the debt agreement, came to the Swedes and said, "You have to give us back our assets or the equivalent value, based on the clause in the debt settlement."

This put the Swedes in a very difficult position and they kept sending us complaints; they made the mistake of doing it through their embassy in Washington, which would send us official noteformal notewhich the ambassador would bring in and give me and then tell me not to pay any attention to them. So I didn't pay any attention to them. His advice was very bad because in point of fact what I discovered later was that the Foreign Minister was personally involved in this and he was the fellow who was sending these instructions which the ambassador was telling me not to pay any attention to. This all happened in 1956. We can perhaps leave it for discussion then.

Q: Were the Swiss there or not?

REINSTEIN: The Swiss must've been there because they obviously had to be a party.

Q: How about any South Americans?

REINSTEIN: Well the South Americans were not in the business of lending money.

Q: No, they were taking money.

REINSTEIN: These were people who lent money.

Q: [laughs] The Canadians may have been there, too. Or perhaps the British may have represented their interests.

REINSTEIN: The British wouldn't represent Canadian interests. The Canadians have to do it themselves.

Q: The South Africans?

REINSTEIN: The South Africans, I don't remember. Anyhow, I don't know whether the South Africans are great lenders either. It was basically the continental Europeans and the British and the Americans.

The negotiations practically broke down over the gold clause because the Europeans insisted on being paid in accordance with the contractual terms of the agreements and the Americans were prohibited from seeking the benefit of the gold clause by American legislation which made the gold clause unenforceable, adopted by the Roosevelt administration. At one time the negotiations practically collapsed. I used to go back and forth between Washington and New YorWall Streeall the time during the course of those negotiations.

Q: Your position was, I presume, that Germany would not pay in gold to these other countries, despite the clauses in their contracts.

REINSTEIN: That's right. We wanted to get rid of the gold clause and they insisted. The various American creditors managed to pull themselves together. You had at least two organizations to start off witthe banks, the Standstill creditors, and then the Council of Foreign Bond Holders. They worked out a coordinated position and at one point I think the Americans actually walked out of the negotiations. Willard Thorpe and I had to work our heads off to get them back in. I'm not sure exactly how we did this but if they walked out then there would have been no settlement and that would have let a lot of people in a position which they didn't particularly care for politically. I think they finally recognized that they really didn't have a leg to stand on. They could not enforce their view.

Q: They didn't want to go home empty handed then.

REINSTEIN: Well the negotiation would have collapsed. Heaven knows what would've happened at that point. The Germans would not have been precluded. I'm not sure what would've happened.

Q: You would've been blamed, I thinthe Americans.

REINSTEIN: I beg your pardon.

Q: We would've been blamed if this would've happened.

REINSTEIN: The American creditors, not necessarily the American government. The American government had been trying to work out a settlement.

Q: Tell me, was there a German presence at this meeting or not?

REINSTEIN: Oh, yes. The German leader of the German delegation was Harman Abs.

Q: Oh, yes. A very astute man.

REINSTEIN: Yes, well he was the head of the German delegation.

One of the things that was going on simultaneously and which the Germans were trying to make connect, and which we would not allow them to connect, was the negotiations on reparation to Israel.

Q: Ah, yes.

REINSTEIN: The Germans were trying to make a connection between the two negotiations.

Q: So they could extract from one what they're giving to the other.

REINSTEIN: We were slapping them down and saying no soap. Our position had beel think I may have mentioned that when we were first discussing with McCloy in the summer of '49 the takeover of our responsibilities and some of our general approaches that we would follow, one of the things we agreed on was that we would not get involved in this. We would take the position with the Germans that if they wanted to have decent relations with the rest of the world they had to do something about it, but we were not going to tell them what to do about it. This was their moral responsibility. In point of fact, at various times we did have to put pressure on the Germans. I've been to the archives, I've been through the record on this, and we consistently said to the Germans, We're not going to tell you what to do, but on the other hand, when they were really dragging their feet, at various times, we did make sort of informal representations and on one occasioit may have been at the time of the signature of the Bonn conventionAcheson had a talk with Adenauer on the subject and told him, "Look, you've got to be more forthcoming." He didn't say anything more than that, but he did say to him, You're not doing enough.

Q: But the chancellor got the point, I gather.

REINSTEIN: Yes, because Abs was carrying on both negotiations, you see, and the Germans were really being difficult as to the discussions with the Israelis. I think probably it was after the Acheson conversation with Adenauer. The negotiations with Israel were going on in the Netherlands, as I remembein the Haguwhile the other negotiations were going on in London. Abs was handling both of them. I found no record of anything after that.

Q: How then did you bring the debt settlement to closure, Jacques, with this big difference with the other creditors?

REINSTEIN: In effect, what happened was that the U.S. agreed to settle its claim for a billion two hundred thousand. We had a little bit of a problem there. The claim for aid came to some three billion dollars. We also had a claim for the settlement of some kind of property which we'd sold to a number of countries, on which we insisted on full paymenprobably in response to congressional pressures [laughs]. There was a $200 million claim against the Germans under that heading and somehow we found a formula by which we got the 200 million and could meet our congressional obligations and not louse up the settlement. But we managed to work that one out. We more or less fixed a deadline and the deadline was a sensible one. It was through the end of February of '53, as I recall. We signed the agreement on the 28th of February and it went to the Senate; and it's one of the few treaties of which I've been associated in which I didn't have anything to do with the presentation. All the rest of these treaties I worked on a presentation to the Senate and worked closely with the staff; first with Francis Wilcox and then with MacI'm trying to remember the name of the fellow who succeeded Wilcox as chief of staff of the Foreign Relations Committee.

Q: Macy, I believe. Yes.

REINSTEIN: You know, what we would do is we would go through these things and identify all the important points and make sure that the senators asked questions about them and then it was generally the Secretary of State who responded. There was no doubt at all as to exactly what the thing meant.

There was a question about Acheson's attitude on the EDC which made me think of this thing that happened in Paris in Thanksgiving of '51. I can be sure about the Thanksgiving because we were there at Thanksgiving and Bob Cleveland had me for dinner and I remember it very well. As I said earlier, I had been conducting these two negotiations in London, both with massive delegations and neither of them getting anywhere, and I decided just to wind them up and got rid of the delegations. I knew that they were going to have the three foreign ministers' meeting in Paris and the NATO meeting in Rome and I decided I would just go on down there. I had Dan Margolies with me. Anyhow, I went to Paris and I walked into a meeting in the embassy in the office which I later occupied when I was minister for economic affairs [laughs]. Acheson was sitting there in a chair and there were a number of people sitting there facing him. Anyhow, what came to my mind as we talked about this was they got on to talking about the EDC negotiations and Acheson made a comment that the people who seemed to be the most enthusiastic about this were the Americans. He had questions about the French commitment to it. I think he had reservations himself about the idea. On the other hand, you had a situation in which everybody had become committed to this idea and there wasn't any way of getting out of it except by concluding the negotiations. But I think you're quite right; Acheson had reservations about it. We did push ahead and finally they signed all the documents. The EDC treaty was signed in Paris and then there were complimentary agreements with the Germans which place our relations with them, removed them from being occupational relationships and put them on a contractual basis and threw them a whole series of complicated agreements. Those were signed in Bonn and we had a meeting in Bonn. It was very interesting because we went to Bonn to sign the agreements.

Q: In May of '52, this was?

REINSTEIN: Yes, that's right. I'll just make an observation which is that those agreements never came into effect.

Q: They were called the contractual agreements.

REINSTEIN: That's right. Because they substituted an agreed relationship for the exercise of the reserved powers, which derived from the German surrender, and put all kinds of limits on the Germans of one kind or another [laughs]. But everything was written down and that laid out the basis for the German surrender. The interesting thing about both that and the subsequent agreement which we did make in '54 was that it was signed in Germany. It was signed in Germany. There never was a peace treaty with Germany; this was the closest thing that ever came to a peace treaty and it was signed in the parliament building. The '54 agreement was signed in the parliament building of the elected German governmenan extraordinary contrast with what happened at the end of the First World War. I was really responding to your comment about Acheson's attitude.

As we were saying, the EDC negotiations collapsed completely, the treaty was rejected by the French parliament, and Eden came up with this idea and he went around and visited each of the countries involved to sound them out. He got, he thought, mild encouragement from the French. Enough to operate on. Dulles went to Germany to talk to Adenauer. There was a very nasty Herb Block cartoon at the time which I remember showed Acheson standing I think in front of a dresser or something like that, with his head detached and on top of the dresser. Herb Block thought it was an absolutely stupid thing to go and talk to the Germans.

He only took two people with him. He took Livvy Merchant, who was the assistant secretary for European Affairs, and he took Coburn Kidd, who was on the German Desk at that point, and went off to Germany and then they went to London to talk with Eden. They came back on a Saturday morning and that Saturday I did something I don't think I ever did any other Saturday; I didn't go to work. It was a beautiful September day and I thought, I'm going to stay home and enjoy myself. I was in the shower and my wife said, "They want you down at the Department right away." I threw on clothes and dashed down and went to Merchant's office and walked in; a meeting was in progress. Coburn Kidd was just at the end of giving an account of the conversations that had taken place with Adenauer. He was just finishing up.

Merchant picked up the account and gave an account of the meeting with Eden, Eden's proposal and Dulles' reaction; and Dulles' reaction was rather negative. Dulles said, "Maybe this will work, but if it doesn't work then we're in even more trouble than we are now." He finally allowed himself to be persuaded by Eden to try it out, to do it. He said, "Well, this involves three separate negotiations. One negotiation was for the admission of Germany into NATO and that was to take place in Paris, which was the center for where the council was located. The second negotiation was for the revision of the western European Union treaty. That, as you pointed out, in itself, was technically located in London. That was to take place in London. The third negotiation was we would have to revise the various agreements with the Germans and there would have to be another negotiation with them.

At that point Merchant looked up at me and he said to me, "By the way, you're supposed to go to Germany. Can you leave today?" I looked at my watch and it was noon. There was no service from Washington; you had to go from New York and the plane left at four o'clock and I said, "No, I can't go today, but I can go tomorrow," and he said, "Okay," and went along with it. That was the end of that. I never did find out what the discussions with Adenauer were about. I was just told, "Go to Germany and carry on these negotiations." There was a fellow from the Pentagon who was to go with me. I can't remember his name now; it'll come back to me.

I then set about trying to get myself organized to go, Saturday. The first thing I had to do was to find a transportation request. I usually kept a book of them in my files so it would be handy. You were supposed to hand them back but I found I had these slips.

Q: Well you were doing a lot of traveling.

REINSTEIN: Anyhow, my secretary had reorganized the files and the TRs (travel requests) had disappeared. Oh, I went through all kinds of things and then I had a brilliant idea. The administrative part of EUR had been up on the same floor as we were, the seventh floor, and they had been moved down to the second floor; and I went around to what had been their old offices and I opened up drawer after drawer after drawer thinking maybe somebody had left a book of TRs in his drawer, and darned if I didn't find one. So I just took it. I could've paid for it myself. The trouble was if you paid for it yourself you had to pay the tax and the government wouldn't reimburse you the tax, so I wanted to do this TR.

Off we went the next day, me and this fellow from the Pentagon. We flew to Frankfurt and there was a car there to meet us, and we went up to Bonn, and we encountered the most enormous military convoy. It was vehicle after vehicle after vehicle, crawling along at between five and ten miles an hour.

Q: British or American or French?

REINSTEIN: American. We were in the American zone.

Q: Yes, but part of that is British zone, up to Bonn, you know.

REINSTEIN: No, we were still in the American zone.

Q: You were still in the southern part.

REINSTEIN: Finally, what did we come to? Two atomic cannons. Do you remember these were the original tacticathey were something like 280 millimeter cannons.

Q: They were huge things.

REINSTEIN: These things were crawling along at something like five miles an hour.

Q: And you were crawling behind them, I gather.

REINSTEIN: We were passing them and I remember turning to this fellow from the Pentagon and saying, "This is our fast tactical weapon now." They didn't keep them for very long [laughs]. It was an absolutely incredible scene.

I guess we got in and I went and found lodging. They had a place where they put people up and the next morning I got a car, went to the embassthis was when the embassy was the high commission's officand Elim O'Shaughnessy was in charge of the political section.

Q: He was the political counselor, wasn't he?

REINSTEIN: Yes. I walked into his office and he looked at me and said, "My god, what are you doing here?" I said, "Haven't you read your morning telegrams yet? I came to fix the plumbing." [laughs]

Q: Good for you.

REINSTEIN: There must've been a telegram advising him that?

Q: Well there should have been.

REINSTEIN: Yes, there should have been and I assume there was. Anyhow, I was supposed to be in charge of the negotiations but he didn't have any particular background on this and I talked to him, but we set up a working level negotiation which had a legal adviser as the chairman. The Brits were in the chair and the legal adviser of the British embassy was the chairman and the French were sitting in and they initially were sitting in just for the information because they hadn't been authorized to participate in the negotiations.

Q: Excuse me, Jacques. The negotiations, these concerned the revision of the contractual agreements?

REINSTEIN: That's right.

Q: Thank you for clarifying that because I wasn't quite sure.

REINSTEIN: They were a series of agreements. There were the agreement on the status of forces, there was a financial agreement, but the basic agreement was the agreement on political relations. This was the agreement which in fact restored, as it eventually came ouwe didn't get that far; we didn't start therwe gave Germany its sovereignty because we had, in the earlier agreements, retained sovereignty which we assumed under the Potsdam Agreement. What we did in '54 was, I think, to find a formula under which we preserved whatever powers we had without alleging that we were sovereign with respect to Germany as a whole. In other words, we did maintain our position that the termination of the ultimate status of Germany I think was to be negotiated with the Soviets, and it was important to keep that. We also retained our position with regard to Berlin.

Q: Now the time period of the negotiation you were having in Bonn is the fall of '54?

REINSTEIN: This was September, October, of '54 and the negotiation took place in three places. Then there was a ministerial meeting in London at which the results of the negotiation were reviewed, additional instructions were given to the negotiators and we went back to the three working groups and then there was a final negotiation and signing in Paris.

Q: It must have been the spring of '55, or the winter.

REINSTEIN: No, it was in October of '54.

Q: That quickly? Not if you'd been negotiating in September, October.

REINSTEIN: September and October, yes.

Q: And the foreign ministers met then in October?

REINSTEIN: They met in early October in London and one of the things I remember that was worked out in London was the financial arrangements. Then we went back to the negotiations in the three different places and then we had a final meeting in Paris. Now, let me be very precise about the dates. I carried on those negotiations without any instructions. The British and French were on the same time period and their capitals could call up on the telephone and could discuss things. The negotiations were going on rapidly. If I had sent a telegram at the end of the day and it had to be considered the next day, then it would be a day later, at the earliest, before anything came back. I just figured it was impossible to carry on negotiations that way and so I carried on the negotiations without any instructions of any kind.

At the end of the negotiationand this is something that would be interesting if you could check in the librarI sent eleven telegrams and I drafted them so that each of them would have a single action office in the Department. They were reports on the negotiations, on the unresolved issues, and on what they should brief the Secretary about. I've always been curious as to whether those telegrams were ever printed in foreign relations to the United States.

Q: Well we could check that easily because those documents have been released.

REINSTEIN: Unfortunately I haven't been able to do that at DACOR (Diplomatic & Consular Officers Retired) because those volumes are on the bottom shelf and I've never been able to get down there and find that particular set of?

Q: The next time I'm there I'll try to do that. Foreign relations in the U.S., Germany 1954, '55, I guess.

REINSTEIN: '54 really. There would be eleven telegrams.

Then I got on the telephone and I called Geoff Lewis. You remember Geoff?

Q: Yes. He was deputy director of German Affairs at one time.

REINSTEIN: I said to Geoff, "Look, I'm just sending these telegrams. Would you get onto them right away?" and Geoff said, "We'll do the best we can, but a hurricane is just about to hit Washington and we have been told to get across the river while it's still safe to do so." And Geoff lived over near where you live. Anyhow, I gave him all the material to brief the Secretary and he knew the issues when we met in Paris.

Now, among the papers that I came on to in my review that you may like to look at is a letter that I wrote to Livvy Merchant in September of '71 telling him I was retiring. Livvy and Joe Fowler, Henry H. Fowler, who was secretary of the Treasury and also at that point head of the Atlantic Council, and Ted Achilles all had houses at Chatham, Massachusetts, on the Cape. They all knew each other and they would have dinner every night, circulating around among the houses, and I had a very nice letter from Livvy from Chatham saying he was very sorry that I was leaving and saying that he had often heard Foster say that if it hadn't been for me Germany wouldn't have gotten its sovereignty and might not have gotten into NATO.

Q: Well, that's a tremendous compliment, Jacques.

REINSTEIN: Yes, it is.

Q: You can be proud of that.

REINSTEIN: We got through the negotiations successfully and wound up and the treaties went into effect in '55.

Q: May the fifth of '55, yes.

REINSTEIN: That date I couldn't remember.

Q: 5-5-55. It's always easy to remember it that way. And that was the same time practically that the Austrian treaty went into effect, too. The same week, I think.

REINSTEIN: I'm not sure about that because the Austrian treaty was a year later. I was in Paris for a ministerial meeting and I always had this great big fat briefcase, which I still havit's in the other roostuffed with documents. They always had these damn three power meetings on Sunday afternoon and I was supposed to go to the meeting because they might take up Germany in some form or other and I walked in and I looked around, and no matter how high I rose, it seemed to me I was always the most junior officer in the room, [laughs] and I said to Livvy, "Should I keep a record?" and he said, "Would you please?" So I kept the record. They gave the final instructionthey didn't talk about Germany at alto the negotiators in Austria, in Vienna, and boy were they tough. Ooh. And I said to Livvy, "Shall I do up the recording telegrams?" and he said, "Yes, if you would, please," and I said, "Do you want to look at them?" and he said, "No, you just send them." So there were two decisions made in that meeting. One was the final decision on the Austrian treaty and the other was the decision to hold the summit meeting in Geneva. That was '55.

Q: '55, the spirit of '55.

REINSTEIN: And they were both made in the same meeting. I thought, My god, am I supposed to tell the president that we've committed him to go to a meeting? Actually, it turned out that Dulles sent a telegram, too.

Q: Now we've got Germany in NATO, Germany has been given its sovereignty, you were director of German Affairs.

REINSTEIN: I became director of German Affairs in the fall of '55.

Q: Did you have other problems besides the EDC and this type of problem?

REINSTEIN: You had always all kinds of problems. You couldn't work on Germany without having lots and lots of complicated problems. I remember going to a staff meeting one time and as I went around somebody said they were having these problems with the Treasury affecting something in Berlin and they weren't getting anywhere with it, and it was very annoying politically. So I said, "Well would you like me to talk to the Treasury about it?" "Would you please?" So I called up Don Curtis, who was a fellow I had dealt with. [laughs] He was their principal fellow for Western Europe. I called him on the phone and I said, "Don, we seem to have a problem with you folks about Berlin that we can't resolve. Can I talk to you about it?" I can't remember what the problem was; it may have been about the importation of hog bristles from China, if that rings a bell with you.

Q: It was a long time ago, yes. I do remember.

REINSTEIN: Hog bristles from a communist country were no soap, no dice. I don't know whether they were coming in there and we had to cut them ofmaybe that was it, maybe it was something else. I can't remember what it was. I said, "What is it you're trying to do?" and he explained. I said, "What you're trying to do seems perfectly reasonable and it's okay, but the way you're doing it is creating real political problems in Berlin. Why don't we do so and so?" and he said, "Well let me try it out." He called back in a couple of days and we finally worked it out. What I came to realize was that the person I was negotiating with at the other end was the Secretary of the Treasury. You had a delegation of authority, and of course with Germany nobody knew anything about Germany except for German Affairs. [laughs]

Q: I think George Humphrey was the Secretary of the Treasury then, too. He's a pretty tough negotiator.

REINSTEIN: I don't think it was Humphrey.

Q: He was Secretary during the Eisenhower years.

REINSTEIN: But in Treasury they did not have the kind of delegation of authority that you had in the State Department.

Q: I wanted to ask you: this was the period when Secretary Dulles was running the Department and his sister, Eleanor, was in German Affairs. How was she to work with and your relationship with her?

REINSTEIN: Eleanor was a difficulty. She was and she wasn't. She would go off on tangents and I would have problems with her about that, but by and large I kept her under my thumb and I found her very useful in some ways. Foster used to go out to her place in Virginia and swishe had a swimming pooand sometimes I would find it useful to say, "Look, if you see Foster tomorrow, would you tell him so and so?"

Q: Ah. The back channel, as we say.

REINSTEIN: Well I had a very good back channel on Saturdays if I had to use it. He worked at the house, remember, mainly, unless there was a NSC (National Security Council) meeting and if I ran into something that I really had to get to him, I'd simply do a memorandum and I'd send it up to the secretariat and I'd say, "Please send it up to the house."

Q: Yes, we did thasend things out to the house.

REINSTEIN: I remember we had a significant problem with Adenauer on occasion. [laughs] This is a very entertaining and unwritten story. We couldn't keep our thumb on him because he would get these invitations, which I'm sure he arranged, to get an honorary degree, and unlike other state visits, you didn't have to get approval for that, but then if he came to this country he obviously had to come through Washington. So he was able to escape the normal control. He, on this particular occasion, was coming over for an honorary degree and Friday evening we got a telegram from Bonn saying that they had gotten wind of the fact that the Germanwell, for background, they were about to have an election and Adenauer was going to come over and get this honorary degree and then he was going to go and visit with his friend, Danny Heinemann. Danny Heinemann was the head of an enormous public utilities company in Europe and he was a great friend of Adenauer's. They were going to have an election in Germany.

Q: That would've been '57 probably. That was the big election year.

REINSTEIN: Danny Heinemann, whose headquarters were in Europe, in Brussels, had a big place in Connecticuthe Greenwich area, I thinand he was going to go and stay with him. And then I had fixed it up for him to go and visit the President at the farm on Sunday to have his picture taken.

Q: The farm in Gettysburg?

REINSTEIN: Yes!

Q: I didn't know people were allowed up there.

REINSTEIN: Oh yes. That was a favorite Republican business, having a guy go up there and have his picture taken with the President at the farm. Thank you very much and goodbye. [laughs] Anyhow, it occurred to me that we didn't particularly want to have the SPD win the election at that particular time, so I thought I'll fix it up for the chancellor to go and have his picture taken at the farm. So I set it all up. Well, Friday night in comes a telegram from Bonn saying that they had gotten indication that when the Germans came they were going to propose that we agree with them on a Potomac Charter, which would lay out how the world should be run. I read this and thought how crazy can these people be. Saturday morning as usual I was at the office and I got a call from the number three guy at the embassy. They had a paper that they would like to get Bob Murphy or the Secretary to look at.

Q: This was your call from the German embassy here or?

REINSTEIN: This was a call from Greenwich, Connecticut.

Q: I see.

REINSTEIN: From Ralph Powes, who was the counselor. I said, "Ralph, what is this all about?" "Well, the chancellor is going to talk to the president about it, but he'd like to get an opinion on it." I said, "Look, that meeting at the farm in Gettysburg is purely social and the President is not going to have any advisers. The only person that is going to be there is Major Eisenhower and the President is not going to want to talk about anything substantive that he hasn't discussed with the Secretary of State." "Well, can we get the Secretary to look at his idea?" "The Secretary is in an NSC meeting. It isn't possible to get him." But I said, "If you've got some kind of piece of paper you'd better get it the hell down here. I assume it's in German." I said, "This is a weekend. We don't have the staff to do an interpretation. It's not clear to me, if you have a piece of paper, how we could even get it interpreted. You better get it down here right away." The next thing I get a call from the Hill. The same business. I said, "Look, the President is not going to want to talk about this. There is not supposed to be any substantive discussion." He said, "Could you imagine the President of the United States and the chancellor of Germany getting together and not talking substance?" I said, "Certainly. The President would not wish to discuss anything that he had not had a chance to have the advice of the Secretary of State." And I said, "If you've got a piece of paper, you better get it down here in a hurry."

I can't remember the exact sequence then, whether it was the ambassador who then called.

Q: [laughs] They're escalating you now.

REINSTEIN: And you know I gave him the same answer. Anyhow, at that point I found my secretary and I wrote a little note to the secretary and I sent it up to the secretariat and said, "Please send this out to the house." And I said to my secretary, "At some point the telephone will ring and somebody will ask for me. Don't ask who it is. Just buzz me," because he never identified himself. I sat there and waited and sure enough the phone rang and the secretary buzzed me and I picked it up and I said hello, and he said, "I have your memorandum."

Q: You knew who it was.

REINSTEIN: And I said, "Yes, sir." He said, "These fellows are getting awful big for their britches, aren't they?" [laughs] I said, "That was my reaction, sir." He said, "What do you think I ought to do about it?" and I said, "Well, I wondered whether you ought to warn the President and he said, "Well, he's playing golf. I think I can get a message to him." But we never heard anything more about it.

Q: Now of course in '58 we had the trouble on the access routes to Berlin.

REINSTEIN: We were always having trouble. There were sort of two constants in the things that I worked on. One was the access problem. They would make difficulties of different kinds. At one point they wanted to open up and look in the back of our trucks and we said no. And then they hit on this business of the troop trains. As you probably know, we didn't have any troops to send back and forth; [laughs] we just ran the train to hold down the franchise. They were relatively few people on the train, but we ran the train regularly.

These things would drive you crazy because what would happen was there would be an incident. It would get reported to the military, the military would talk about it, they would then report to the political people, the political people would then consult about it and they would come up with a conclusion as to what should be done, and a telegram would come around about six o'clock in the evening, which had to be answered right awawhich was a damn nuisance. There was a period of time when I swear I never got home for dinner because of these retched telegrams coming in night after night. Finally they laid off, but they were just a nuisance. What was that little place that was disconnected with an exclave of Berlin? I can't remember the name of it. We used to fuss about that. Actually these things were relatively minor.

The major thing I did work on a lot was the possibility of a summit meeting. We had an extremely complicated correspondence with the Soviets about the possibility of a summit meeting. It got so complicated I finally said you can't work on this sensibly unless you work on it full-time. I turned over practically all of my business to somebody else to work on it.

Q: Now we're not talking about this Geneva meeting of '55, are we?

REINSTEIN: No.

Q: Are we talking about possible subsequent meeting?

REINSTEIN: Yes. There was a very complicated negotiation on the conditions and what you talk about and so on. It was the most complicated thing I think I've ever worked on. I finally said you just have to work on this full-time. I tried to get Ed Freers, who also was involved. Ed and I were the two people who handled this.

Q: Ed was on the Soviet side then.

REINSTEIN: Yes. We were the two people who handled this. I tried to get Ed to let go of over things and just focus on this and the two of us just work on this together. I never could get Ed to do it because he couldn't let go of all the other stuff, whereas I could. I spent a lot of time working with the Secretary on that.

Q: Well now this was the year of the Khrushchev ultimatum. Were you still in German Affairs when that came in in November of '58?

REINSTEIN: No.

Q: That was the ultimatum on Berlin, yes.

REINSTEIN: No, you see I went to senior seminar in '58, '59.

Q: In '58. Yes, you would have been at the senior seminar when this happened.

REINSTEIN: I was in the first class. I actually was in Paris when I got a telegram saying I had been designated to attend the first class.

Q: Before we wind up your period in German Affairs I wanted to ask, while you were director did you get much interference from the White House or did you get help? What was your relationship with them, as regards Germany?

REINSTEIN: Let's put it this way. When a telegram came in I could look at it and I could tell immediately was I authorized to do it, did I have to take it one level up, two levels up, assistant secretary, the Secretary, or maybe the White House. I don't think I had but a couple of matters that had to go to the White House. I got bawled out indirectly by the White House one time. That was because the President didn't understand things very well. I'm not sure that Eisenhower really quite understood what the implications of nuclear warfare were. This particular episode involved tanks for the German forces.

When I was carrying on these negotiations about the financing of forces, once the Germans started arming, I was aware of the fact that the military had been stockpiling stuff to provide the Germans. I assumed that they were expecting to get paid for it [laughs]. Anyhow, while we were in the middle of this negotiatioright about '5I went to the Pentagon and I said, "What are you people planning in terms of supplying the German forces when we get them set up?" They gave me a piece of paper which had figures and a certain number of weasel words. The figures were heavy equipment for six divisions and twenty-four squadrons. So what I did was I took the paper and I took out all the weasel words and we had a meeting with Adenauer in Washington at 1776 Pennsylvania Avenue and Frank Nash was then the assistant secretary for ISA.

Q: In the Defense Department. Yes, I remember Frank Nash.

REINSTEIN: We got onto talking about this problem and I had this piece of paper and I went around to Nash and I said to him, "Look, we don't seem to be able to work this damn thing out with the Germans. If we could be clear on how they're going to get started then that would give us a basis for negotiating on. Could you service this?" So he read it out. I hadn't said a word to the secretary about it [laughs]. I got the paper and I gave it to Adenauer. This was between rounds of negotiations that were taking place in Paris and so I went back to Paris and I had a meeting with the German minister of finance. McCloy called him "that Bavarian cow." I can't remember his name. A crooked son of a gun. We had a breakfast meeting and I said, "Well what about this commitment we gave you on heavy equipment?" and he said, "What commitment?" It turned out he didn't know anything about that paper that I had given Adenauer. So I gave him a copy of it. What we discovered was that Adenauer looked at it and decided it was so secret that he wouldn't show to anyone. [laughs]

Q: Oh, God. He just put it in his pocket.

REINSTEIN: It loosened up the negotiations. So we've got a star? That was for six divisions. That left open the question of the equipment for the other six divisions. What the government provided were M-47s. The military were extremely anxious to get rid of the M-47s?

Q: The tanks.

REINSTEIN: That's right. Because Congress had told them they couldn't buy any M-48s unless they got rid of the M-47s. There was a great difference of opinion about the two tanks. The tankers didn't like the 48. They had several objections to it. One was the profile was too high; there was something about the fuel tank and some things like that. The tankers weren't all that enthusiastic. But the procurement people were extremely eager to substitute the 48s for the 47s, so any time they could get rid of a 47 they got rid of a 47. If they could give it to the National Guard, they gave it to the National Guard. They were desperately eager to get the Germans to take the 47s for the other six divisions. The Brits, on the other hand, were producing the Centurion and their production line was coming to an end and they were desperately eager to sell the Centurions to the Germans and keep their production line going. So, what do you do under the circumstances? You take it up with the President of the United States.

Two things happened at about the same time. One was that the Germans said they would like to see field tests of the 47 and the 48 and we got a telegram from Germany saying that they had this request and what should they do about it. Well, a telegram came into my associate subordinate in the economic branch, Bill Miller, and he brought it in to me and I said, "We'll deal with it. If they want to see these things, well sure, obviously we should let them see them. Send them a telegram and tell them 'okay'." Meanwhile, the prime minister of the U.K. I can't remember if it was Eden-

Q: Macmillan or Eden.

REINSTEIN: Eden perhaps. Had written to the President of the United States and somehow or other these two things managed to get to the President's desk about the same time. I don't know how the President found out about the testing, but anyhow he was furious. He said, "What damn fool authorized this?" He said, "Why didn't they take out the carburetor?" Well, this showed how much he knew about a tank. The 48 didn't have a carburetor. The big argument that the Brits were making, which he thought was great, was that these tanks would be used by the northern army group and their line of supply would run directly from the U.K. Perhaps start having nuclear warfare ...

Q: There isn't going to be any line of supplies.

REINSTEIN: No line of supply at all. I just was never convinced that Eisenhower really understood the implications of nuclear warfare.

Q: What was the decision of the tanks finally? Did the Germans buy both of them? British and American? I imagine they did. They didn't want to make enemies of either side so they probably bought some of each.

REINSTEIN: Either that or they built some of their own.

Q: Yes, and then the built the Leopard, wasn't it?

REINSTEIN: The M-5. Probably by the time that got resolved I had left. So I never did hear the end.

When you worked on Germany you really were working on relations with the Soviet Union. There were three offices in the European bureau which dealt with the Soviet Union, or relations with the Soviet Union in one way or another. It was the opposite of Eastern European Affairs, which was directly responsible for relations with the Soviets. So much of your relationship had to do with Germany that the German office was constantly involved in a range of matters relating to the Soviet Union, and particularly because we kept talking with the Soviets at various times about the possibilities of reaching agreements.

Now, I think at an earlier stage I had mentioned a rather elaborate study that we had given to the entire subject of whether it was possible to come to an agreement with the Soviets. That was back in about 1948, '49, before the Palais Rose discussions in Paris. It did not appear possible to find an arrangement that we thought we could safely live with that we could work out with the Soviets. I think subsequent events have demonstrated what somebody once said, which is that the problem with the division of Germany was not ended until one side or the other gives up, and in fact that's what happened. But over a long period of time the two sides kept angling for position, pressed by their own needs, pressed to some extent on our side by requirements of public opinion because there was constant pressure for bringing this situation in Europe to an end; and periodic pressures to withdraw our military forces from Europe.

Q: And by "public opinion" you would include congressional opinion, too.

REINSTEIN: Oh yes. As a matter of fact, I think congressional opinion was much more important than public opinion in the sense that I don't have a feeling that there was a great deal of public dissatisfaction with our having forces stationed in Europe. I mentioned I think earlier that this was a point on which John Foster Dulles had very definite views. He did not think that the American people would put up with having American forces stationed in Europe for the longer run. And the American military had not been particularly keen on having forces committed there. They came around though because they got facilities there. There were a lot of advantages to having headquarters stationed there, in terms of intelligence and a great variety of things. The intelligence activities that we could carry on against the Soviets were absolutely enormous. There are several books just on that subject. We found increasingly, and particularly with the development of newer technology, it more and more useful to have European bases from which to work on the continent and Germany.

Q: It's always good for the psychological structure of NATO, too, to have us there.

REINSTEIN: We had a very strong presence in Britain. Our working relations with the British were extremely good and I think there's been a gradual deterioration in recent years with the relationships, but the fact is we were providing nuclear weapons for the British and giving them support for their nuclear position. So you had pulls in different directions, but I don't think that there was a great deal of resistance on the part of the American public or people in Congress who wanted to withdraw forces. Dulles' judgment on this was basically wrong.

But you did have a continuing set of conditions that would lead one side or the other to get negotiations going again. The Soviet interest, of course, was to do everything possible to weaken our situation and to limit the effectiveness of the NATO forces because they weren't very happy with having them there, even though they had built up the East German forces. They were never very sure how reliable they were. The East German authorities themselves really had no sense of security. Remember that we managed to attack into the East German communication facilities.

Q: Through the famous tunnel, right?

REINSTEIN: Yes. It was the Brandenburg Gate, I guess. When I was running German Affairs they set these things up, but I didn't know about them for a while and then they finally told me and they laid out a whole elaborate structure. And also including the plans for demolishing this thing, it was discovered they didn't do the demolishing as we planned; they just had to admit that they had been caught with their pants down [laughs]. I used to get briefings periodically on the traffic that they intercepted. It was fascinating. You got to know the actual people. They were extraordinarily insecure. One guy would get on the telephone and he'd call somebody and he'd say, "I understand there's some meeting that's going to take place outside of [such place]. What's going on? Get into that. Find out what's going on." They felt very insecure in their own power and of course that lack of clarity, that sense of insecurity, must've existed among the Soviets.

Q: Let me ask, Jacques, were the West Germans cut in on this intelligence, too?

REINSTEIN: No. This was kept very limited. I'm not sure how our intelligence relations were. The Germans were in the process of just getting themselves organized and establishing armed forces that they were supposed to have. And of course they had a very considerable leadership gap because they had bring up a whole new generation of military leaders because there had been this break in their experience and the top leadership had all been discredited and killed off or put in jail. You had a considerable period when no Germans were being trained at all, so that they really had very limited human resources. They had a major job of building ten divisions. That's no mean task.

Q: I was thinking more of the intelligence side of things.

REINSTEIN: The CIA (Central Intelligence Agency) was not all that open in disclosing information about what it was doing. I was not aware of much of the activity that they carried on in Germany. As I say, they set up this thing at the Brandenburg Gate and I was in charge of German Affairs for some time and I didn't know about it at all and then they decided that they probably ought to bring me in. But I was one person and I'm not sure to what extenthere was nobody under me who knew about this very much. I had no inclination at all about what activities they were carrying on on the other side of the line in Germany. There was no disclosure at all.

Q: Presumably our people in Germany worked closely with the British on some of these things.

REINSTEIN: I suppose so.

Q: Because we would've gotten information from them, too.

REINSTEIN: This is a subject I really don't know a great deal about. What I was concerned with was what was in the public domain.

Q: Of course.

REINSTEIN: We were in constant relationship with the Soviets in Germany. Periodically they would engage in harassment of our communications with Berlin. Any number of weekends I sat around waiting for a cutoff of Berlin. This is one thing we were getting a good deal of intelligence on, and that is on the Soviet side they were constantly experimenting with the techniques of cutting off Berlin. We would periodically get a series of indications that they might move. Usually there were expected to move on a weekend. Weekends were when you'd catch people off base. Any number of times I can remember that we had a buildup of signals of one kind or anotheintelligence reports that indicated that they were experimenting in one way or anothewhich might lead to some cutoff. Now the cutoff actually did take place, but it took place after I left German Affairs. The Soviets didn't dare to build that wall until I was no longer there. [laughs]

Q: [laughs] Well that's comforting to remember that.

REINSTEIN: Obviously they were looking at me all the time. To what extent they were able to get any reading on me, I don't have the remotest idea. This is the essence of the business that you're looking at the people that you deal with and the people that are making decisions. And they knew damn well that I was making a number of decisions and they knew that I had very good relations with the three most important superiors I had, up to the President, and the assistant secretary for European Affairs, and Bob Murphy. Bob Murphy was the deputy undersecretary for political affairs, who had special interest in the relations with the military. There were certain types of things that I knew I had to check out with Bob. He had his channels and ways of communicating with the Pentagon, about which I didn't know anything. I didn't know how he did it. But I knew there were certain types of questions that when they came up I went to Bob and laid them out and got my instructions from him and then the Secretary of State, himself, with whom I had really good working relations. I think one of the things that you want to come back to is?

Q: Excuse me. You're talking about Secretary Dulles in this case?

REINSTEIN: I'm talking about Secretary Dulles, yeabout my working relations with Dulles and with Acheson, but let's not do that now.

When something came in and we were presented with a problem, I'd look at it and I'd make a judgment almost immediately: is this something I'd deal with myself, do I take it up the linand to which level do I take it. We operated on a fairly tight basis. When I had to take things up with superiors I didn't have any long delays or great complexities in getting things to whatever level they needed to be considered.

Now, as I said, for various reasons, particularly on the Soviet side, if they thought we were making progress that would improve our military posture they would try to slow us down by getting us involved in a negotiation. At one time or another there were all these feeling the other side out on having a get together, but a considerable reluctance to having a meeting unless you were absolutely forced into it. Generally the pressures for meetings came from the Soviet side because it was in their interest to try and slow us down. They tried to block the making of agreements with the Germans. They tried to block the implementation of those agreements and slowed them down. It was just a constant feeling out and at times these got very, very complicated. As a matter of fact, in the latter part of my time in the Department, we were involved in an extremely complex negotiation with the Soviets. I guess first I ought to say we did have a meeting in Berlin in 1956. I can't remember now what the origins of that were.

The Geneva meeting, which incidentally was the only four power meeting I'd ever attended.

Q: Oh this is the one between Eisenhower and Bulganin and Khrushchev and Eden and so forth?

REINSTEIN: Yes. And somehow or other I didn't get on that delegation. The one meeting I did not attend and so I don't really have a very good feel of what transpired at the meeting except that there was a disposition I think on both sides, which we'd had before in Paris in 1947, a recognition that we were living with a dangerous situation and that it could get out of hand, with absolutely terrible consequences for parts of the world. In '49, at the end of the Palais Rose meeting, we did come up with what was known as a Modus vivendi. It was written down in the final communiquï¿½ as a recognition that we weren't able to reach an agreement. We were too far apart.

The Geneva meeting grew out of the fact that we had successfully worked out a solution of the problem of German rearmament in the west. The initiative, I think, for having a meeting came from the Soviets. Let me back up here to get my dates straight. Geneva was when?

Q: In '55.

REINSTEIN: The Soviets I think having found out that they were unable to block the lengthy process that we'd been engaged ilet me go back just a moment and talk about the Paris agreement of '49. There was a final which recognized that we couldn't reach agreement, but we agreed that we would try to avoid making the situation more difficult. The Soviets ratted on that. They ratted on that in two ways. One of them was that they proceeded to arm the East Germans. At that stage, of course, well, we were talking about German contributions to the European army but the thing wasn't going anywhere very fast. I don't know what caused them to decide to build up a significant East German force. I guess maybe they figured they better have something in case the European army went through. The other thing was the Korean War. The Korean War changed everything. That was really what gave the strong impetus to the eventual rearmament of Germany and Germany joining NATO, because the Europeans were scared to death of what the Soviets would do in Europe. The only deterrent we had was the economic one.

At some stage the Soviets apparently came to the conclusion that it would be desirable for them to have an easier relationship with the West and they did two things. They gave us the Austrian treaty, which really involved the complete surrender of the positions they had been hanging onto for about ten years. The two things were linked because we had a three power meeting and at some point they began bringing Adenauer in and telling him what was going on, but they didn't do that right away [laughs]. There was a meeting in Paris at which thit must've been the spring of '5three western powers gave the final instructions to the negotiators in Vienna on the Austrian treaty, and they agreed to accept the summit meeting with the Soviets at Geneva; and those two things were settled in the same meeting one Sunday afternoon that spring. I think that reflects what was happening on the Soviet side, at any rate. They felt they better have a more comfortable relationship with us.

I can't recall seeing minutes of the meetings in Geneva. I never got a good, full briefing of what went on there. They apparently knocked around various ideas of things that you might do because I remember at some later stagand this is one of the things I worked on in this time perioFoster Dulles said to me one time, "You know there was an idea that they talked about in Geneva that I thought had some promise and I'm sorry we never tried to see whether we could do anything about it." That was an agreement on the redeployment of our forces in Europe to get them away from facing each other; an agreement on the deployment of forces. I said to him, "Mr. Secretary, would you like me to try my hand at seeing what I can do about this?" and he said, "Yes, go ahead. But leave me out of it." "Leave me out of it. Don't mention me."

So I carried on a rather complicated negotiation which started off with us and the Germans. We had to talk with the Benelux countries, and the Italians at that point got rather annoyed with the fact that they were being left out of major discussions that they thought they should be in on. We had two committees: one which was just the three western powers and the Germans, and then a NATO committee which included the Benelux and the Italians; and I sat on both those committees. At that point we still had forces in France. We still had our French bases. So that gave us depth and a possibility of taking some of our forces and moving them to France, but relying very heavily on our French airbases, which were very important.

Q: President de Gaulle was there then, wasn't he?

REINSTEIN: The French were still cooperating at this point. The so-called "French Initiative" came later. I was operating under the assumption that we had our French base and of course we were running the red ball express througwe were in the red ball express for a long time. They continued to run that through France even though it was uncooperative in many respects. The French Initiative didn't come until some time later. Anyhow, I managed to work out some kind of a plan and I took it to Dulles and I had talked with the Pentagothey were not very enthusiastic, obviously, but I was bringing them along, I thoughand I thought I had the elements of an agreement and I took it to Dulles and I got him to authorize me to try to negotiate this, still leaving him out. When they settled down and looked at it, it was torn apart by the Pentagon and by the Germans.

Q: By the Germans?

REINSTEIN: The Germans and the Pentagon. So the whole idea fell apart. So we never tried that. There was this recognition that you had a dangerous situation and that it would be desirable if you could make it easier to live with. That was the spirit of Geneva. It did give rise to an agreement to have an early go at discussions on Germany, which they originally had at Lugano.

Q: Lugano? A beautiful Swiss place.

REINSTEIN: I told them they were crazy as hell to want to go there in January. It would absolutely ruin the tourist business. I said why didn't they go to Lucerne, who had no tourists at that time of year and where they would fall over themselves setting up the amenities. We actually did preparatory work on a tripartite basis in Paris, which I sat in.

There's an interesting point in connection with this meeting which is that it was the first time that the three western powers had done preparatory work prior to a meeting to coordinate and develop positions at an earlier stage. For example, in Paris in that Palais Rose meeting in 1949 there were meetings in the morning at various levels, including the expert levemy leveto prepare for a meeting with the Soviets in the afternoon, but in the case of the meeting which eventually did take place in Berlin in '56 which was originally planned for Lugano, there were preparatory meetings in Paris maybe starting in November, and certainly in December, to lay out the recommended positions for the ministers.

Q: Now, I must get this cleaNovember, December '55.

REINSTEIN: '55, that's right. The American delegation was headed up by Douglas MacArthur and there were about five of us, I thinl can't remember who all they were; one of them was Charles Yosand we all had different topics. I was the one who dealt with Germany. We were preparing on I guess a rather broad scale to have discussions with the Soviets. MacArthur had to return to Washington and the latter part of the meeting the American delegation was chaired by Ted Achilles, who was the deputy chief of mission in Paris at that time, who just dropped into it and who did an absolutely splendid job.

Achilles I think is probably one of the most competent, able Foreign Service officers I have ever known. He could turn his hand to almost any kind of a job and do extremely well. His understanding was extraordinary. He was a very simple fellow. None of us realized, I think, when we were working with him how immensely wealthy he was. His father or grandfather was a partner of George Eastman and he owned a quarter of Eastman Kodak. We weren't aware of the fact that this man was an extremely wealthy fellow. Incidentally, he was quite an internationalist. He was a member of an organization that probably doesn't even register with anybody anymore, a very liberal republican organizatiothe Ripon Society.

Q: That's a very old one, yes.

REINSTEIN: Very old. Yes, it goes back to the origins of the Republican Party. I doubt whether any of the present leaders of the Republican administration would qualify for membership of the Ripon Society [laughs].

At any rate, we prepared for discussions on a broad basis. The decision at some point to have this meeting in Berlin was, in my view, a great mistake. We had never had a meeting in Germany before and it really?

Q: I'm sorry. Is that true? Dulles had met there in '54 with the foreign ministers in Berlin.

REINSTEIN: '54 was when we were picking up the pieces after the defeat of the EDC treaty.

Q: But you said there had never been a meeting in Germany.

REINSTEIN: Not a meeting with the Soviets.

Q: Oh yes! Molotov was there in Berlin in the winter of '5February, March. Check that out. I know some people who were there at the meeting and they've told me about it.

REINSTEIN: I was up to my neck in these matters and I would've been there if there had been a meeting, but there wasn't a meeting. At that point we were struggling to try and see if the EDC treaty could somehow be brought through and the last thing in the world we wanted to do was to have that complicated by meetings with the?

Q: Well this was before that treaty failed, I believe. The treaty failed in the summer of '54 and this was held in February and March. However, I don't want to distract you from 1955.

REINSTEIN: I don't remember it.

What I was saying was I thought it was a great mistake to have this meeting in Berlin because the origins of the meeting stemming from Geneva really gave you a broader approach to the whole set of issues confronting us and the Soviets, and by holding it in Germany it focused the meeting really on Germany, to the exclusion of these other subjects; and the German problem was not a soluble problem, certainly not by itself. If it was going to be dealt with by agreement, you have to have a broad set of understandings that would get involved in disarmament and things of that kind. Incidentally I had not mentioned disarmament. But the disarmament discussions were also a part of the picture that we were dealing with. At some point along there our principal negotiator was Henry Wallace. Wallace used to call me in at various times and consult with me about what German reactions were likely to be to various positions that he was thinking of taking. So I was in and out of the disarmament picture. When you worked on Germany, you worked on everything practically, except the Far East [laughs]. We even got into that sometimes by backwards. I'll tell you a story about that at some other point.

One of the things you asked me was where were the meetings. We wanted to have them in the Allied Control Council and the Soviets wouldn't agree to that so we wound up with a compromise in which one day we would meet in the Allied Control Council and the next day we would meet at the Soviet headquarters, alternating. One of the unfortunate aspects of this was that at the beginning of the meeting they directed the discussions more at influencing German opinion than carrying on serious negotiations. They got the negotiations off on the wrong foot at the very beginning and it was nothing but a propaganda exercise on both sides. It was really interesting though because what happened was that gradually they forgot about trying to influence German opinion and got down to arguing about what's the best way of dealing with the Germans, who are very difficult, unreliable people, and who could get you into a lot of trouble if you don't deal with them properly.

An awful lot was between Mr. Dulles on our side and Mr. Molotov, who had returned to power, on the Soviet side. I can remember Dulles saying in response to the Soviet proposal, "What you are trying to persuade us to do is what we tried out in 1919 and it didn't work and it got us into trouble. What we're proposing is not to try to control the Germans, but to make the Germans part of the solution so basically they've got an interest in the continuation of what we work out, and not an incentive to try and get rid of it." And that was really what the argument boiled down to and it didn't come out anywhere and the negotiation failed. The idea of having some broad negotiations still had life and for the next couple of years there was a continuing dialogue that went on between basically the U.S., in consultation with the British and the French, and the Soviets.

In spite of the breakdown in confidence, at some stagI can't remember exactly when it wawe began carrying on exploratory conversations with the Soviets. I think I remember mainly the Americans took the lead, clearing with the British and the French. We had a tripartite committee in Washington in which we cleared our positions, but a lot of the basic work was done really by the Americans. The negotiations were extremely complex. I was on the coordinating committee in Washington and this went on for so long that after I went to Paris I wound up on a subcommittee. We sat in Paris and were still working on these poor problems [laughs].

We lived, of course, always under the threat of some kind of action by the Soviets against Berlin. The Soviets would try and fuss with our trucks; they would try to fuss with the passengers on the troop trains. We went through a long process where they insisted that we provide them with a list of all the people on the train. One of the issues was whether the American train commander would get off the train and go to a table where the Soviets sat, and we finally gave in on that. It was something that went on almost every night. What happened was you would get interference with the train one day; the next day the three military would consult and they would talk to the three embassies in Bonn and then at the end of this they would come up with a proposal.

Of course the British and French always had the possibility of talking to their people on the telephone while things were going on. It always wound up with a position that had been worked out and then they had to have Washington agreement and so an immediate action telegrawhat we used to call a NIACT; the abbreviated words meant originally "night action." A telegram would arrive at the end of the day in Washington which required an immediate answer. There was great fussing around. Obviously Washington really had no way of having any influence on it, but it certainly raised hell with the dinner arrangements [laughs]. The idea of trying to find a basis for another set of high-level discussions continued as long as I was there and for some time thereafter, until they built the wall and that sort of killed it.

During this time period I had decided to go into the Foreign Service. I had promised my first wife, for family reasons, as a condition of getting married, that I wouldn't go into the Foreign Service; and my hands got forced on that by the Wriston Committee Report and the program it initiated and I finally decided that I really had no future in the Department as a departmental officer and I had no choice but to go into the Foreign Service. So the latter part of my time in German Affairs was spent exploring various possible assignments. I put in for several when the discussion started and I was planning to leave German Affairs. I was chosen to go to what is now known as the senior seminar.

Q: Oh yes. Did you go from German Affairs to the senior seminar or to Paris first?

REINSTEIN: No, I went to the senior seminar first.

Q: You took a year and went to the senior seminar. How did you find that?

REINSTEIN: Well, it was an interesting experience. The idea of having a year off at that point in one's career I think is a very good one. We were the first course so it was experimental all around. There were only sixteen of us and in principal this was supposed to be a nursing ground for ambassadors; actually, the group of uof course there were military people, one from each of the services, so they were only twelve Foreign Service peoplthe only one of the twelve who ever got to be ambassador was someone I think was generally regarded as being the least bright [laughs].

Q: [laughs] I won't ask for names.

REINSTEIN: No, no, no names please. I must say that we were not the most cooperative group of people probably they ever assembled [laughs]. We gave the management a hard time. It was an interesting experience in several ways. One is we had interesting lectures on topics that we normally wouldn't have been exposed to, in some cases. And one of the things that was surprising was which of the lecturers were good and which were not. I remember we had a lecture by one of the most distinguished American historians and it was perfectly terrible. Then we had a lecture from a young associate professor from Harvard, of German origiHenry Kissingeand he talked to us about Germany. Having come immediately from some years of working on this [laughs] I gave Doctor Kissinger a rather hard time. As a matter of fact, for some years after that every time I would bump into him he would look at me and he would say, "I remember you." [laughs] We finally got to being on friendly terms, but it took a few years.

One of the things that was good about it was that we went out and visited parts of the country that we wouldn't otherwise have visited and got exposures to things that were really quite fascinating. We went to Houston, I think. We went to New Orleans, which was quite an experience; and we went to Chicago, which was a new experience for me. We went to Pittsburgh; we went to Detroit, where we were exposed both to the Ford Motor Company and to United Auto Workers and that was when Walter Reuther was still the head and we had a great session with him. I found it very impressive. We found the Ford Motor executives absolutely dreadful.

Q: Oh?

REINSTEIN: Their outlook. We all came back to Washington singing the union song [laughs]. Reuther had interesting ideas about what should be done about the automobile industry and its development, which he discussed, and a concept of a role for the union in which it contributed to the development of the industry. This is absolutely anathema to the Ford people whose attitude was "how can we stop them," "how can we hold them" completely negative. It was a real eye-opener in terms of looking at American industrial relations.

We went to Pittsburgh where we visited a steel plant, which without knowing a darn thing about steel making you could see was incredibly inefficient. Incredibly inefficient. Hard to imagine a company deliberately engaged in a major industry with such a lack of imagination. There were two things that sort of struck me. One was that the plant was partly split by the Ohio River and you had buckets of molten hot iron being brought across the river in buckets on a line. It was absolutely incredible. They had three major furnaces, only one of which had the most modern techniques, the open hearth technique. I remember asking one of the executives, I said, "If this is the most efficient way of making steel, why aren't the other two using it?" and he said, "Well, at some point you have to rebuild these things and when we rebuild them we'll build them more efficiently." There was a complete lack of drive for efficiency. It was extraordinarily eye-opening. It really shook your confidence in American industry. [laughs]

Q: Well, as a result the steel industry has been mainly driven out of the country.

REINSTEIN: Anyhow, it was an interesting experience.

Q: Well at the conclusion of that you received your assignment to Paris then.

REINSTEIN: At the conclusion of that I received my assignment to Paris, much to my surprise. I had been angling for other jobs. They almost had me at one time slated for Iceland. I had asked for Canada because I had kids to start in college and we had two elderly, widowed mothers and we didn't want to get separated too much. Paris was absolutely wonderful. I couldn't have asked for a better assignment.

Q: And there you were minister counselor for economic affairs from '59 to '63.

REINSTEIN: Yes.

Q: Four good years. How many ambassadors did you have then?

REINSTEIN: Three ambassadors. When I went there Eisenhower was still president and the ambassador was Amory Houghton, who is I guess the grandfather of Corning glass. Houghton had had cancer of the tongue and they had to remove part of his tongue, so speech was difficult for him, particularly as the day went on. Toward the end of the day it was hard for him to speak and hard to understand him. One of the effects of this was that some of the public speaking tasks that would normally have fallen to him came to me.

I hadn't been in the habit of doing much public speaking and so my first assignment was to substitute for the ambassador at a dinner of France Amerique on the hundredth anniversary of the birth of General Pershing. This really was the top crust of Paris society. I had two secretaries. I had an American secretary who dealt with classified matters and I had a French secretary. The French secretary was married to what I still call a "white Russian" a native Russiawhite is the difference from red Russian, but her father had been on the staff of the standing group.

Q: Oh. The military standing group.

REINSTEIN: Let me identify the standing group. In principle the NATO military reported to the military committee of NATO. In practice, the matters were run by the standing group, which were the representatives of the three major powerthe British, French, and ourselvewhich was located in Washington. One of the things you have to remember is that the NATO organization was at one point spread all over. You had military in Washington, the political part in London, the economic part, essentially, in Paris. The unification of all those different parts in proximity to one another really didn't take place until after the so-called French initiative. So things were really spread out. As a matter of fact, the military committee was still located in Washington when I went to Rome in 1967some years later. One of the first things I did after being named senior deputy commandant of the NATO Defense College was to call on the chairman of the military committee who was actually an Italian at that point. The standing group were the British, French, and ourselves and they really basically ran the NATO military establishment and they ran it very well, too.

My French secretary's father was on the staff of the standing group and so when he had that job she went to Western high school and then he went back to Paris and he was sent back to Washington as the French representative of the standing group and at that point she went to George Washington University. So she was extraordinarily fluent in English?

Q: And knows this town.

REINSTEIN: And also came from a very fine French family and knew how things were properly done. The embassy, I must say, had a small but extremely effective protocol section. They were locals. When you were giving a dinner it was very important to get people exactly in their right notch.

Q: Because they knew where they belonged and you better know it, too.

REINSTEIN: The fellow who got his "Legion D'Honneur" earlier outranked the one who got it later [laughs] and you had to get that right when you were seating people and things of that matter.

Q: Back to your speech. May I ask you a question?

REINSTEIN: Yes.

Q: Did you speak in French or English then?

REINSTEIN: Oh, I spoke in French. I had to. I worked with my French secretary on that speech. We may have started in English and moved over to French. It was really finally very fine toned and I sat at the table with a charming couple, a delightful couple. I became good friends of theirs. One of the things I must record, incidentally, is a visit that Cecil Lyon and I paid to Lafayette's country home. We had an experience very few people had and I think it's well worth recording, but not at this point. Anyhow, I gave my speech in French without using any notes and it was a resounding success.

Q: Good.

REINSTEIN: I enjoyed it so much that whenever there was the possibility of giving a speech I would give a speech in French. My first wife, Rachel, and I had both studied in Paris and she had worked in Paris, too, for an American law firm office there. So we were fairly close to being bilingual. My French was better than that of anybody else on the American staff of the embassy.

Q: Who was your DCM at the time?

REINSTEIN: Cecil Lyon.

Q: Cecil Lyon, yes.

REINSTEIN: Cecil was the DCM all the time I was there. I had several experiences that I shared with Cecil that I think I should record on the famous visit to the Chateau at Lafayette's place. Also I will record my activities as an agent of the French hierarchy during Vatican Two which might be worth recording.

Q: Okay.

REINSTEIN: As I say, my French was really extremely good. I finally did get to a 5 language rating.

Q: Good.

REINSTEIN: I had an interesting time about that because I had both French and German and I always got rated higher on German that I did on French. This came abouand you've been through this yourself, I'm sure, on this testinl tested for French and German both at one time. On the French part of the examination they give you a newspaper article which you're supposed to translate and I got caught up on one of those tricky words that looks the same in both languages, but has different meaning, and I flubbed it because it was about an obscure quarrel between the French Wholesale Grocers Association and the French government and it had to do with price fixing. And I missed the point of the article. When they gave me the German exam they gave me an article on nuclear weapons. Well, I worked on nuclear weapons all the time. I had a nuclear weapons security classification, I knew the concepts, and I knew the technical language. I breezed through that so I got a much higher rating in German than in French, although my French was basically better than my German. But I had to use them both. I went to Germany very frequently. When I was director of German Affairs we always had meetings and every time I went to a NATO ministerial meeting I would go over and spend a week or so, and sometimes go for longer, in Germany. Of course I had to go out for dinner every night and the dinner conversations tended to be in three languages and I found that very tiring. Two languages are easy to handle, but to go around switching among three languages I found at the end of the evening I was just absolutely worn out.

Q: Let's talk about some of the big issues you faced in Paris because you were there in quite interesting times, when Europe was being born, actually.

REINSTEIN: That's right. I arrived there just in the first year of the European common market and it was just in the process of sort of settling in and making its first decisions and the British were quarreling with it. That was one of the things that was going on that was very disturbing to the Americans. The second, it was just at the point when they were going through the decision about what to do with the OEEC, whether to have the Americans and the Canadians just join.

Q: The OEEC actually arose from the Marshall Plan, didn't it?

REINSTEIN: That's right. It was a European organization. It sort of developed into an economic coordinating organization with an excellent staff. It didn't make sense to continue with that. There were two possibilities. They didn't pick the one I wanted. One possibility was just to have the Americans and the Canadians join and enlarge it. The other possibility, which was the one I wanted, was to form something like a Group of 7; in other words, to let the Europeans have an organization which could deal with all the technical issues in which they were interested, many of which had no interest to us at all. We were not interested in inland transport. It was a nuisance for us to have to send somebody to a meeting and we didn't particularly care to support that financially. So there was constant pulling and hauling between us and the Europeans as a result. Of course from the viewpoint of the Europeans, what could be nicer than to have a requirement that you have a ministerial meeting once a year in Paris. Whatever specialized ministries there were were delighted to have an organization which required them to go to Paris once a year.

Q: Not in Iceland, but in Paris?

REINSTEIN: That's where the headquarters was, in Paris. Iceland had nothing to do with it. Iceland was a member.

Q: Were they a member of the OEEC? I think so. Go ahead.

REINSTEIN: I always have a little bit of a mental block about Iceland because I remember during World War II President Roosevelt issued a finding that Iceland was part of North America.

Q: We could send our ships up that far then to guard convoys.

REINSTEIN: No, no, no. The thing was that under the Draft Act the draftees were not allowed to serve, except in North America. And we had bases already in Iceland and our forces were mixed regular army and draftees. You didn't want to be forced into a situation where you had to pick people and we had to take out the regular army guys and say, "Well these guys can go to Iceland, but the draftees can't," so he issued a finding that Iceland was part of North America. I have real difficulty thinking of Iceland, which I visited several times, as being European and not North American.

The other possibility which I saw, and which I think would've been the sensible thing to have done, was to set up something like the group of sevel would've had maybe a couple more members, maybe nine, but left out the smaller countries, the peripheral countries.

Q: How my Dutch friends would have screamed at that.

REINSTEIN: Well, they would've been included. Oh, yes, they would've been included.

Q: They would have insisted on it. [laughs]

REINSTEIN: The Italians would've been in. But we couldn't have a serious economic organization dealing with economic policy in Europe without the participation of the Benelux countries. In terms of their economic clout and their intellectual clout they were really very important. Greece and Turkey. Iceland, no.

Q: Portugal.

REINSTEIN: Portugal, no. The actual idea of the group of seven was first put forward at a much later date by an organization I was later connected with, the Atlantic Council of the United States. They were the first people to put forward the idea of having such an organization. When I went to Paris they insisted that I come over immediately so I would have an overlap with my predecessor, Jack TuthilJohn Elliott Tuthill. And I had to fly over and they only allowed you a very small amount of accompanying luggage in those days and one of the decisions I had to make was to take my white tie. I figured my effects will arrive before I have to wear a white tie. Ha! I hadn't been there very long before I took over the job from Tuthill and lo and behold, what happens? The President of the United States arrives.

Q: Oh this is President Eisenhower?

REINSTEIN: Eisenhower. Eisenhower came twice, in September and again in Decembeand of course had white tie dinners. I had bought a white tie, which really wasn't necessarI could've rented onbut anyhow I found myself under the requirement of going to a white tie dinner very shortly. As a matter of fact, I think it was the first white tie dinner I went to. I think it was '62. I was in Paris for meetings while I was still in German Affairs when de Gaulle came into power. It was quite a shock. It was a shock to a lot of the French people. I observed the morning papers being sold this announcement and people were buying the newspapers and looking at them quietly, but there were no sounds of enthusiasm. I was there again on the fourteenth of July [laughs] and that was probably the last time they had Moroccan troops in the fourteenth of July parade. I watched from the Hotel.

Q: Spahis, was it?

REINSTEIN: Spahis, yes. They came along and it broke up. It was quite a scene. Then I found myself at the embassy in Paris when President Eisenhower came over and I sat next at dinner to the man who led the armed revolt in Algeria, Generagosh, I can't remember his name for the moment. I tried to engage him in conversation and I told my wife afterwards it was like trying to bounce a croquet ball. I would say something and try to elicit a response, but I couldn't engage him in conversation. I guess he had to be there but he didn't want to talk to an American.

Q: His mind was on other things, maybe.

REINSTEIN: His mind was on other things and he didn't want to get involved in talking to an American, I guess. Later on, after the fall of the uprising, people were really badly divided in France. You really had to be very careful. You couldn't tell who was on which side. All the people that were in the resistance were opposed to de Gaulle and had been right along; they were his bitterest enemies. Of course they had connections with the OAS because the OAS loaded up with people from the resistance who had stayed in the army and fought in China and then wound up in Algeria. I must say that aspect of life in Paris was a very difficult one. It was the period when the common market was just getting started. It was interesting to be there for that, to follow it, to report to Washington on what was happening. Of course you had the argument that sort of went on between the British and their friends, the seven, and the common market people, the six. The fighting between them got really quite nasty and it was very disturbing to the Americans who didn't want to have the Europeans quarreling among themselves.

Q: Did we stay out of that fight or did we indicate our positions?

REINSTEIN: We were basically pro-six.

Q: No common market.

REINSTEIN: No common market. On the other hand, at one stage we took an initiative in which I became involved. You got to work on all kinds of things in a place like Paris in the job I had. The Americans came up with the idea of having a committee look into the question of what the effects were of setting up the common market on the nonmembers. They came up with an interesting idea of having a committee of experts chaired by a minister, and the minister was a Dutchman who eventually held down every international job there was. I'm trying to remember his name.

Q: Not Joseph Luns?

REINSTEIN: Luns, yes. Luns was the chairman of this committee. Well, the U.S. member was John Leddy, who had gone back to Washington for a while, but John didn't find it convenient to come to all the meetings. The representation should have been through our delegation to the OEEC and NATO. Unfortunately, the principal economic guy in that delegation was pro-seven and so they couldn't trust that delegation to represent the United States effectively [laughs]. So when John couldn't come I was designated to serve in his place and so I in effect carried on functions which really were more appropriate for another delegation than the embassy. We did turn out a report, I think, finally and it rather discounted the British claims that there would be serious adverse trade effects. Of course it was very difficult to make the argument because the first round of tariff cuts were generalized, so all they did was reduce the tariff to everybody; and you could hardly make an argument that that was trade distorting. That was one of the things that I did.

I was involved in the setting up of the OECD.

As a matter of principle, I had managed to refrain from working on Christmas day. I was asked to work on Christmas day once by Harry Hawkins and as much as I loved and respected him, I said no. This is the one day that I give to my family. Well, that got broken.

Q: This had been '58, was this?

REINSTEIN: This would be in '59. See '58, '59 I was in the senior seminar. I went to Paris after the fourth of July. I didn't want to get involved in going to that god-awful fourth of July party they used to have. We were closing up shop and I got a call from the foreign office; the head of the economic and financial division wanted me to come over right away, so I went over. They had had this meeting in December, for which General Eisenhower had come over, at which they had decided to set up the OECD and agreed to have a conference to do that. The conference included about eight or nine countries. It didn't include all the people who were in the OEEC. It was kind of handpicked. There was something like eight or nine countries. That conference was to be held fairly early in January of '60 and when I got to the foreign office Woermser said to me, "We're the host country and so we have to send out the invitations. Since your government has been so responsible for setting this thing up we'd like to make sure that the invitation we send out is something that is acceptable to you. I'd like for you to get the drafts and I'd like for you to have Washington look at it." Well, I can't remember whether it was a handwritten draft or whait was in French, of coursand we sat and we looked at it and having been through all the background I had, I had pretty good ideas of what American views were on things and there were things in the language which I thought would bother Washington so I redrafted them and finally he and I and his secretary were?

Q: Sitting around and drafting this thing on Christmas Eve.

REINSTEIN: Yes. Nobody else was around very much. The secretary had to type it up. We had had, of course, large plans.

Q: For Christmas Eve, I'm sure.

REINSTEIN: And for Christmas day. Two of my kids were there. Anyhow, he said, "We've got to get this out. Can you get this back to Washington and get them to look at it the day after Christmas and give us some reactions?" So I said, "Yes, sure." I can't remember whether I sent a warning telegram when I got back to the embassy that warned them that this was on the way and that they would have to get a quick response. I may have done a two-sentence telegram, a NIACT, to wind up the troops. Anyhow, I took the draft back to the embassy and then went home. There's an American Catholic chapel in Paris and my kids were still mentally in Washington and they wanted to go there for high mass so we went to midnight mass there.

Q: We went to mass there on our honeymoon. But go ahead.

REINSTEIN: I think that's about the only time I ever set foot in the place. Well then we went home and we had a kind of first celebration. Then we were invited to our French families' dinner, a big Christmas dinner they have after high mass, midnight mass. Well, we arrived there at about the time of the meat course and around about four o'clock in the morning when we were getting around to brandy?

Q: No shortage of wine there.

REINSTEIN: No shortage of wine. Rachel had lived with them when she was a student at the Sorbonne and she lived with them again when she was working in Paris. She was a member of the family. The first time I met them was when we went to Paris for the peace treaties in 1946 with Rachel's brother, John Campbell, who worked in the Department and was for many years associated with the Council on Foreign Relations. He was their top political guy for many years. He had met the family once years before. Anyhow, we were invited around for dinner, and what an experience that was because there were four daughters and they all recounted the liberation of Paris, all talking at the same time.

Q: [laughs]

REINSTEIN: At least one of them, maybe two, were on the Place de la Concorde at the time the fighting took place.

Q: When the bullets were flying.

REINSTEIN: When the bullets were flying. By the way, I don't know how many people know this, but some of those bullets landed in the American embassy. There are two bullets that tore through a portrait in the office of the DCM, which is over on the Concorde side of the building and that's never been repaired. Those bullet holes, the tears, are preserved.

Q: It's fitting. It's very fitting.

REINSTEIN: I must say, having four French girls telling you all of this at the same time, and old Paulette said at one time she was sitting on top of an American tank coming in.

Q: [laughs] Well, back to Christmas dinner now.

REINSTEIN: Finally, at about four o'clock in the morning I said, "I've got to work and I'm afraid I've got to go home." So we left and I went home and got a little bit of sleep and then went down to the embassy and got the duty secretary. Of course the first thing I had to do was translate the French text into English. I got that done up properly and then I discovered that the girl had no plans. They were serving up a meal in the embassy cafeteria, I guess, for the people who had to be working. So I took her out to the house and we had Christmas lunch and went back and I got out two telegrams: one giving the text to which the French wanted agreement, and the second commenting on the changes that I had made which I thought they would've wanted to have made to get them to focus on what I thought the issues were and to tell them to get their answer back pronto on the twenty-sixth; and it came back approved.

Q: It may have ruined your Christmas, but it was a triumph in many ways.

REINSTEIN: You never know in the Foreign Service, at least in the Foreign Service as it was then, what will come along. And in a place like Paris you could get involved in practically any part of the world except maybe Latin America. But we got involved in all kinds of things all over the world. The economic division was kind of a catch-all place.

Q: How large was your staff, by the way?

REINSTEIN: Local and American, sixty people.

Q: That included the commercial officer and agricultural and all these people?

REINSTEIN: The commercial section was about half of it, and of course you had a large number of locals.

Q: Yes.

REINSTEIN: At one point we thought we were going to get a major cut in our appropriations, and do you know what we were going to do? We were going to let all the Americans go. Washington gave you your limits; you then had to figure out how to live with them. As it turned out we didn't have to do this. But our thinking was, if we lost our French personnel we could not replace them. We had investment of years in all of their connections, whereas the Americans came and went. If you sent them home, alright, you may have to work harder but they would eventually send you some more people.

Q: Which brings up another question: were you there when we began to worry about the balance of payments?

REINSTEIN: Oh, we were worrying about the balance of payments before that.

Q: I remember Secretary Dillon, in the beginning of the Kennedy administration, was very strong on balance of payments problems.

REINSTEIN: Well they had been worrying about it before. We had the Secretary of the Treasury in the Eisenhower administration who kept talking about it.

Q: That would've been George Humphrey probably.

REINSTEIN: Yes, it was George Humphrey. Humphrey was regarded as such a stupid fellow that nobody paid any attention to him.

Q: Yes.

REINSTEIN: Things were so different in those days. I knew what went on in a cabinet meeting. I would hear about Humphrey talking about the balance of payments problem and of course the main thing was our forces in Germany. So it had very immediate financial and military ramifications. But apparently he would keep talking about this but nobody took him very seriously. As director of German Affairs I worked on my connections with other parts of the government. For example, I had a meetinthey had lopped off USIA (United States Information Agency) at that poinwith USIA people once a month on Germany and I'd give them a sort of general sketch of how I saw the situation in Germany and then I would open myself up to questions, and no questions barred. This is the way you get things done and get things done properly.

I kept hearing about Humphrey and balance of paymentof course I had no balance of payments figures or anything like that; you don't get that; in GER you get telegrams [laughs]. You don't get economic data, other people get it. Anyhow, I called up my friends in Treasury. I used to have lunch with them.

Q: Well I remember you had a good connection with Treasury.

REINSTEIN: Periodically I would go over and have a lunch with them at the Washington Hotel and give them a general view of what we were doing and what we were worrying about and things like that, and just background in case I needed to talk to them about anything. I was in touch with them. I told them once, "We haven't had lunch for a while. I'd like to have lunch with you." I said, "I keep hearing Mr. Humphrey is talking about a balance of payments problem. Can we talk about this at lunch?" My god, these guys came with charts. What the charts demonstrated was that Humphrey was talking through his hat. That's what the experts thought. They were wrong. Humphrey was right.

Q: Humphrey was a smart old codger.

REINSTEIN: He put his finger on what was the reality.

Q: So that was a constant problem with you from then on, I presume, in the back of your mind.

REINSTEIN: Well, I was sensitive to it, of course, as minister of economic affairs. One of my jobs was to push American exports and American investments, too, and protect American investments. We had our problems with the French on some investment problems. There was a series of required reports we were supposed to send in once a year and one was on American investments and on the opportunities and the like. Well, we were having some problems with the French and at that point the minister for finance and economics had a very bright, young guy as his chef de cabinet who also worked part-time in the ministry. They had one part-time guy on financial matters.

Q: Only one?

REINSTEIN: Yes. He held both jobs. I went around to see this guy and I said to him, "We have certain reports we have to make for Washington. I'm just at the point where I have to make a report on American investments and the atmosphere for American investments and I'm puzzled as to what to tell them. I'd like your suggestions." You know, instead of sitting around and drawing up stuff based on newspaper articles and so on.

Q: Just ask his advice.

REINSTEIN: Yes. "What do you think I should tell them?" I got a pretty frank answer. There were problems but they were not that significant. I mean, yes, you'd get noise and stuff like that, but that basically we should not be concerned about investments between the U.S. and France, that the general atmosphere between them would be satisfactory. I don't know that we had a treaty which governed our relations at all. Of course some of these things actually came within the scope of the OECD, I guess, which was one of the most useful international organizations ever dreamed up by the mind of man. Thank heavens they don't demonstrate against that one.

Q: And yet it doesn't get all that great publicity or anything else.

REINSTEIN: That's one thing that makes it effective.

Q: Probably so.

REINSTEIN: Now, where do we go from here?

Q: You were there, of course, when General de Gaulle was smarting over his exclusion from our nuclear arrangements with the British. Did that factor in at all to the French reaction to you or not?

REINSTEIN: No. Jack Tuthill got himself involved in nuclear matters. We had a guy who just recently, in the last month, died, who was the fellow who handled the nuclear matters there. He operated somewhat independently. Tuthill tried to control him. I knew this fellow personally; I had worked with him in Washington on other matters, I think. I decided nuclear matters really don't have anything to do with my job. I've got so many things to work on it's useless for me to spend any time getting involved. Obviously, as a member of the top staff of the embassy you got involved in discussions with the ambassador at regular meetings and things and got exposed to stuff, but there was no spillover. You see on the economics side basically we were pro-six; we were supportive of the common market because the common market was just what we had been looking for, hoping for, and we wanted to get some kind of European political organization. We wanted to get the French and Germans together. We were encouraging all the things that went along that way. Our basic national interest was in supporting the European movement. We had connections with Jean Monnet.

Q: You were in Paris when de Gaulle vetoed the British entry into the common market. What was the reaction among your French friends there?

REINSTEIN: Well, the most frank reaction I got was from the head guy in the Ministry of Economics. He said, "Well, I didn't expect it to go through, but I didn't expect it to wind up this way." It was a shock to people who actually worked on it.

I should put in a little background here. At one point there appeared in my office, without any particular notice, somebody from WashingtoArthur Hartmawho was maybe working for Doug Dillon then.

Q: No, he was working for George Ball.

REINSTEIN: George Ball, yes. He said, "George has persuaded the British to apply for membership in the common market," and this was going to happen and we were to keep our mouths shut and not criticize it.

Q: I was standing next to George Ball in Bonn in January of '63 when word came in that de Gaulle had vetoed it and he said words that I will not use on this tape, but he was very upset with that.

REINSTEIN: Actually, it was foreseeable.

Q: Yes, I know.

REINSTEIN: It was foreseeable. Despite the injunction that I received from the department after the negotiations, one of the things was that the French told me, and in my absence Don McGrew, a lot about what went in in the negotiationwe were one main source of informatioat some point I sat down and I wrote a telegral can't remember what date it was, an analysis of the problems in the negotiation, what we saw as being the principal issues standing in the way of an agreement and the possibilities of their being resolved. My conclusion was that it was unlikely that all the major problems could be resolved and the negotiations would not come to a successful conclusion.

Q: So you had already, in your mind, reached that conclusion.

REINSTEIN: And I communicated that to Washington. I took it in to Cecil Lyon down the hall. He hated it. Cecil always liked to be positive and said, "Can't you say something positive?" I said, "Cecil, this is an analysis of what I think may happen and I think it's bad; and I simply owe it to Washington to give an honest appraisal of the way we see it." Walt Butterworth was our representative in Brussels and I saw Walt a certain time after that and he said, "You know, I used to keep that telegram of yours in my in-box."

Q: Butterworth was my minister in London for a while. He's an honest man. Maybe a little too much so at times, but he's an honest man, and a very bright one.

REINSTEIN: I met him first when he was a USCC in Spain during the war.

Q: Yes, that was some time ago.

REINSTEIN: A very, very able guy.

[note: Jacques Reinstein died before this oral history could be completed.]

End Interview