MEMORANDUM OF THE PRESS AND RADIO NEWS CONFERENCE, WEDNESDAY, JUNE 10, 1947

GREEK AND TURKISH-APF PROGRAM COORDINATOR

At his press and radio news conference this afternoon, Mr. Clayton, substituting for Secretary Marshall, announced the appointment of George C. McGhee as Coordinator of Aid to Greece and Turkey. (See Press Release No. 496)

When asked if there would still be two administrators, Mr. Clayton replied in the affirmative. Asked what Mr. McGhee’s duties would be, Mr. Clayton said that he would act as a kind of backup in Washington for the whole aid program, with all administrative matters relating to the enterprise passing through his hands. When a correspondent asked if Mr. McGhee’s function would be similar to that of General Carter’s in relation to General Marshall when he was in China, Mr. Clayton replied that it would be more than that because there was a great deal of money to be spent, procurement and things of that sort to be supervised, controlled and administered, making it a large administrative job. A correspondent, who asked if Mr. McGhee would work through Mr. Clayton’s office or through Mr. Lovett’s, was told that the plan was for him to work through Mr. Lovett’s since Mr. Clayton would be out of the country a good deal of the time.

MR. CLAYTON’S PROPOSED VISIT TO LONDON

When asked to comment on his forthcoming visit to London, Mr. Clayton said that when he had stopped in London in April he had promised the Ambassador that on his return to Geneva he would return by way of London and try to stay there for a few days. Mr. Clayton said he wished to have some conferences with Sir Stafford Cripps concerning Geneva, since he is the head of British delegation and had been in Geneva for only a few days in the beginning of the conference. Mr. Clayton said that he was going to try and get Sir Stafford Cripps to go back to Geneva.

When asked if he intended to discuss proposed restrictions on import from the United States to England, Mr. Clayton replied that he had no specific intention of doing so, but said he would no doubt see Mr. Delton, the Chancellor of the Exchequer, and others on various questions with reference to the U.S.-U.K. agreement, which might come up for discussion. Asked if this discussion would presumably be about the Anglo-American agreement, Mr. Clayton said that he thought not, since under the agreement it provided that, of course, quotas might be used, that they should be used in a non-
discriminatory way. When asked if this meant against all things, Mr. Clayton answered in the affirmative and explained that if there were a quota on a certain commodity for import into the United Kingdom, the presumption was that purchases should be made of that commodity on purely commercial grounds without any political considerations, in other words, there would be no discrimination.

Asked what his position on import restrictions which might be imposed in the near future would be, Mr. Clayton replied that a country which had balance of payments difficulties, as Britain certainly had, was justified in putting on restrictions on imports but our position had been right along that such restrictions should be of a non-discriminatory character. When asked if he meant non-discriminatory in a political sense, Mr. Clayton replied in the affirmative, saying that purchases of commodities that had restrictions on them for import should be made purely on commercial grounds. A correspondent remonstrated that since Britain's balance of payments was largely a dollar balance, any import restrictions were also to be aimed at imports from the United States, and he asked if this would be considered discriminatory. Mr. Clayton said that if Britain had any such import restrictions at present, he was not aware of it. He explained that there have been stories that there are about to be such restrictions, but as far as he was aware, there were no import restrictions aimed particularly at the United States.

Asked if he had had any indication from the British Government that they wanted to change that situation, the prohibition against that kind of a situation, Mr. Clayton answered in the negative.

Mr. Clayton, when asked what the effect would be if the Monetary Fund decides dollars are scarce commodity, and if such a move would postpone the restrictions, said that this construction was possibly correct but he was not sure, since it had been some time since he had studied the problem of the Monetary Fund. Asked if there were not a provision in the agreement which permitted such restrictions to be placed in the event of trading with a country which had been disrupted by war, Mr. Clayton said he thought there was. Asked if this would not actually permit restrictions to be placed on dollar commodities in favor of trading with countries disrupted, Mr. Clayton said he could not answer.

MARSHALL PLAN

A correspondent who asked Mr. Clayton if he intended to take up the global project for European aid while in London was told that although Mr. Clayton did not expect to take up the matter he would probably do a great deal of listening. When asked if he would have anything to offer us on how the European countries might go about this project, Mr. Clayton said it was very unlikely. Mr. Clayton was asked if any suggestions had been made already, and he replied that he knew of none. He emphasized that, as Mr. Marshall
stated in his Harvard speech, we felt that this was a matter for the European countries to get together and work out a joint cooperation plan themselves and to present it to us.

When asked if there had been any exchanges with the British as to what plan we looked forward to seeing resulting from the European conference, Mr. Clayton said he knew of none.

Mr. Clayton was asked to comment on the statements coming out of the discussion between Mr. Bevin and Mr. Bidault, and he said we were pleased to see that Mr. Bevin went to Paris to discuss the matter there since that was a beginning and it seemed logical that the beginning should be made in that way.

A correspondent, referring to the Italian Ambassador's remark that he might ask Mr. Clayton for certain information, asked the Under Secretary what his response would be when certain people abroad came to him for information. Mr. Clayton said that, if asked for information, he would give such information as he might have. He remarked that he did not recall the Italian ambassador asking for any special information.

Mr. Clayton, when asked to comment on the possibility that Mr. Bevin and Mr. Bidault had come to an agreement on the formation of a European Economic Commission, said that he did not know of any such agreement. He then referred to the Economic Commission already organized. He explained that this was an initial organization, the first meeting of which had taken place at Geneva while he was there and to which he was the United States Delegate. Asked if that channel would be used for handling any integrated program for Europe, Mr. Clayton said it might be, although he did not think it would be exclusive. He stated that this was a matter for the European countries to work out themselves.

When a correspondent asked for a brief sketch of the history of the European Commission, Mr. Clayton said that the United States Delegate to the United Nations had made the suggestion that such a Commission should be formed and this was supported by other governments. Mr. Clayton told how that first meeting had been called for Geneva sometime in May. Mr. Clayton said that he had been there throughout the meeting and the principal subject of discussion with reference to the functions and that sort of thing had been the question of the three European economic organizations—E.C.C., the European Coal Organization, E.C.T.O., the European Central Inland Transport Organization, E.C.I.T.O., the European Economic Commission for Europe. He said that the idea was that these three Economic Commissions which had been operating for some time now should either be taken over by E.E.C.B. or perhaps in one or two cases might continue to operate as a kind of subsidiary to the E.E.C.B. and under the general direction and supervision of the E.E.C.B. When asked if the discussions had gone beyond the procedural stage, Mr. Clayton replied in the negative.
When a correspondent asked if the Soviet delegate had asked for a veto on the R.C.E., Mr. Clayton said he did not know.

Mr. Clayton, when asked what ambassadors from Europe had come into the State Department in connection with the Marshall project, said that he did not know that any other than the Italian ambassador had been in specifically about this matter. Asked to comment on the views expressed by those who had been in, Mr. Clayton said that whatever reaction we had received from the heads of missions in this country, our missions abroad, and from foreign governments had all been extremely favorable.

In respect to this, a correspondent said that there was a report that the Soviets had given their reply to the British and French ambassadors in Moscow and he wished to know if the State Department had any indication as to what the reply had been. Mr. Clayton said he had not seen the dispatch. A correspondent asked if the Chiefs of Missions abroad did not include a report from Moscow. Mr. Clayton replied that he felt he was correct in saying that we had received no report from Moscow on the subject.

Mr. Clayton then announced that we had received notes from the Governments of the Netherlands, Belgium and Luxemburg expressing keen interest in the Secretary’s proposal and pointing out to our Government the steps they themselves had taken in the matter of a Customs Union and expressing willingness to be of any possible assistance in connection with the whole project. When a correspondent asked if these notes could be made public, Mr. Clayton said he would be glad to take the request under advisement and see what could be done.

Mr. Clayton, when asked if he had seen the report of the R.C.E. which Mr. Byrnes announced in Geneva, replied in the negative. Asked to comment on if and when and whether this report would be a starting point, Mr. Clayton declined.

Asked if there were an element of time as to how long the European countries would be permitted to work out this project, taking all the political factors into consideration, Mr. Clayton said that the money situation in Europe was getting more difficult every day and the problem more urgent. However, he said he did not wish to give the impression that some action had not been taken within any short length of time. A correspondent, referring to Mr. Acheson’s remark that a crisis was likely to arise next year, asked if waiting until the next session of Congress, starting in January, would submit the program to a longer delay. Mr. Clayton replied that Mr. Acheson was quite right that the problem would certainly become quite acute sometime in 1948, in some cases sooner than others, and to wait the question would wait until the regular session of Congress, Mr. Clayton did not think we could judge intelligently about that until we received some other information from European countries.
Asked if the European Economic Commission would be competent to deal with those countries who were not members of the United Nations—Italy, Hungary, Rumania, Bulgaria, Finland and western Germany, Mr. Clayton said he supposed that they would have to get information from those countries which they could put together with the rest of the information. He said it is possible that they might since provision is made in E.C.A. for some consultation with non-members.

Asked to comment on British editorial notices which referred to the Marshall plan as a lend-lease project, Mr. Clayton said that he believed that this was a wartime expression which was not justified at the present time at all.

When asked what political or economic safeguards were laid down in the Marshall plan, Mr. Clayton said that the truth of the matter was that there was no progress, and if a progress should develop it would be only after we heard from the European countries. Any plan agreed upon by the European countries, he said, would take into account the progress or lack of progress since the war in rehabilitation and reconstruction, and would outline what these countries could do to help themselves and how soon and how far they could go on their own feet with a minimum amount of assistance from us and again be financially and economically independent of outside help.

When a correspondent, referring to Mr. Adenauer's address in Cleveland, Mississippi, in which he placed emphasis on the factor of Japan and the Far East and which seemed to indicate that some such progress would be extended to that area, asked if there had been any thinking on that matter, Mr. Clayton replied that, at least in his case, what thinking that had been done had been confined nearly altogether to Europe.

A correspondent, referring to Mr. Clayton's previous remark in which he said that any interpretation of the program would not justify its being called lend-lease, asked if this meant that we anticipated that whatever funds we favored under this program would be repaid. Mr. Clayton said it did not mean that at all. He explained that it meant that we had no definite plan or program on this matter; that it was all in the preliminary formative stage and that we would have to make this decision when we received a plan from Europe.

A correspondent, referring to reports from abroad which indicated that they were not taking too seriously the idea that we really want all of Europe in such a program, asked Mr. Clayton if he foresaw the possibility that more United States aid might go to the countries of eastern Europe if the countries of Europe succeeded in working out a plan such as that suggested by Mr. Marshall. Mr. Clayton replied that the Secretary in his last press conference had told what he thought Europe was and it now remained for the European countries themselves to work this program out. Mr. Clayton pointed out that the
problem resulted from balance of payment deficit with those countries which arose from their necessity of importing large quantities of raw materials, principally food, fibre and fuel, and in some cases import- ing them in much larger quantities from non-European countries than before the war due to the fact that their economy and production had not caught up with pre-war levels. Mr. Clayton explained that there were some countries, of course, which did not have balance of payments deficits and were not in need of importing large amounts of foreign products and raw materials, and, therefore, their problem was not as serious as it was in other countries. Asked if this were the case with Russia, Mr. Clayton said that as far as he knew Russia was not an importer of food, fibre, or fuel to a considerable extent at the present time. He said that before the war Russia was an exporter of all three items at times and it might equally be that Russia could be on the side of helping with some of those countries, particularly her neighbors to the immediate east, since we had received reports of excellent food and grain crops in Russia.

When a correspondent asked whether, in view of these reports, the five or six billion dollar estimate of Europe's future yearly needs in the way of outside assistance included Russia and some of the neighboring countries, Mr. Clayton said he did not know of any estimate of future needs in that amount. He said he thought that Mr. Adelson in his Cleveland speech had mentioned a balance of payments deficit running about that. When the correspondent asked if he had been referring to Mr. Cohen's speech, Mr. Clayton said he did not think he could speak with authority about totals until we had further information about the future.

When a correspondent mentioned that both Mr. Cohen and Mr. Thorp had used somewhat similar figures on the balance of payments deficit, i.e. they used a $5 billion export as against a $7 billion import for 1943, Mr. Clayton said he thought that it was 1947 they were talking about. When the correspondent said they had mentioned both '46 and '47, Mr. Clayton replied that he thought it was 11 billion exports in 1946.

Asked what countries were taken into account in that figure, Mr. Clayton said it was worldwide.

Asked if he had received any concrete evidence that Russia might help some of the European countries to her immediate west, Mr. Clayton answered in the negative.

Asked if he considered that fuel from this country would be our chief contribution to the program, Mr. Clayton replied that we were the contributors of more food than all of the food exporting countries, non-European food-exporting countries in the world. He reported that we had shipped more grain this year than the rest of the world put together and that was the biggest single item in the European imports. He said we had exported to Europe over 12 million tons
of bread grains this year and we were exporting at the rate of about $1 million tons per annum, setting over $300,000 landed.

When asked to list the countries that had no dollar deficit, Mr. Clayton said he did not have it at hand. Asked if they included any of the countries of eastern Europe, he said that the countries of eastern Europe unless they were countries that had had loans or credits, would hardly have a dollar deficit, that there was no way to cover it.

Mr. Clayton, in response to a query as to whether we would be disposed to get Canada and Latin American countries to join us to provide for these countries, said that we would be delighted although he doubted that any concrete consideration had been given to that thought as yet. A correspondent, referring to a speech of a possible proposed part-time agreement with Canada to help funnel Canada’s raw materials to American which would also contribute to relieving her dollar, asked if there were any comment. Mr. Clayton said he knew of no plan to renew the Hyde Park agreement.

Mr. Clayton was asked if, in light of the suggestion that the price factor involved in American exports was a considerable deterrent to European consumption, any manipulation of exports to cut prices. He replied that he did not like subsidies and he went on to explain that we had had a law in this country called the anti-dumping law which said that when any country shipped goods into this country at prices under the prices at which the goods were selling in the country of origin, they should after investigating apply countervailing duties of 25 per cent against that country. Mr. Clayton said that this had been done only in the past so that we did not like dumping in this country and export subsidies when practiced on us. The correspondent said he was thinking of it as an emergency scheme, but Mr. Clayton said he did not think this was the best way to meet it.

WOOL BILL

When asked how he stood on what the Secretary said concerning the wool bill in view of the fact that the House passed the conference report and it was in the process of being passed in the Senate, Mr. Clayton said he had just been informed that there would be no vote on it in the Senate until tomorrow and remarked that he had nothing to add to what Mr. Marshall had said. He stated that he felt it would be a really tragic mistake if the bill in the House version should be enacted.

A correspondent asked Senator Robertson was correct in quoting him as saying that if the Senate followed the House and passed this conference measure, then the Senate Department would ask the President to veto it. Mr. Clayton said that this was a mistake, that he had told no one what our position was.
would be on that subject, Mr. Clayton refused to com-
ment on whether or not he would recommend that the
President veto it if it were sent to Congress.

When asked what he thought were the prospects for
success of the TOG in Geneva if the bill became a law,
Mr. Clayton replied that if the bill became a law as
the conferences reported, it would have a very unfavor-
able effect on what we were trying to do at Geneva.
He explained that he did not wish to comment further
until he went back to Geneva and viewed the situation
on the ground.

Asked when he expected to leave, Mr. Clayton said
not later than the beginning of next week.

ASIA, ETC., NOTICES

Mr. Clayton, when asked what he discussed with
Ambassador Berkhof, said the discussion had been in
reference to lend-lease, but he declined to go into
detail.

CHINA

Asked to comment on his conversation with Ambas-
see and Hsu of China, Mr. Clayton replied that they had
discussed the various economic problems of China.
When asked if the question of the unfreezing of the
Export-Import Bank loan had come up, Mr. Clayton said
that it had been discussed. Asked if any assurance or
encouragement had been given, he said he could not
comment on that since after all it was an Export-
Import Bank matter.

LATIN AMERICA

Asked if there was any plan being worked out to
meet the increased or serious economic problem in
Latin America, particularly the dollar exchange and
import restrictions on Latin American countries,
Mr. Clayton said he knew of no such plan.

BRITISH LOAN

Mr. Clayton, when asked if there were any pros-
pects that the deadline cited by the British loan
agreement for convertability might be postponed, said
that as far as he knew no request had been made.
Asked if he expected that the subject might come up
in the discussions in London, he said he was under
the impression that the British were prepared to go
through with that condition.

Senator Vanikoff's Proposal

When asked to comment on Senator Vanikoff's
proposal for a bi-partisan board to study resources
here and abroad, Mr. Clayton said that the proposal
so far as it had to do with the study of the resources of this country and the ability of this country to give further assistance to foreign countries was a very wise one since this question was in the minds of a great many people and one of the best ways to resolve it to the satisfaction of the country would be in the way that the Senator suggested.

As asked about the foreign angle, Mr. Clayton said it was something that could best be explored and presented by the foreign countries themselves and obviously, we had very good facilities for checking all these figures and information through our missions abroad where we and the Treasury Department had financial and economic people who were thoroughly familiar with the situation in each of these countries.

When a correspondent asked him to express his opinion on Mr. Hoover's report to the Double Appropriations Committee in which he expressed the opinion that we were over-exporting our resources at this time, Mr. Clayton said that this very pertinent question raised by Mr. Hoover was of somewhat the same character as legislation Senator Vandenberg's statement. He said he felt that there should be a study made of the question and we should get some authoritative information and views on it, a matter which could be accomplished through the bi-partisan council suggested by Senator Vandenberg.

Asked if any steps had been taken toward the organization of such a council or if any practical thought had been given to it in the Department, Mr. Clayton said that we had been thinking of it, but the suggestion had only been made on the 14th of June.

Mr. Clayton, when asked if the State Department had made a study aimed at trying to find out what the ability of this country would be in this project, said that he did not think that the State Department itself would be the proper agency to make such a study since the study might relate especially to certain natural resources which had been drawn upon so heavily during the war. He explained that in that case, the Department of the Interior might be the proper agency to study it, and report.

When a correspondent said he had been thinking more in connection with Mr. Hoover's statement that our exports being so high, the effect on domestic prices and the relation between all of that and government loans and grants would seem to fall into the State Department in connection with it, Mr. Clayton said that the Planning Staff which was at work would certainly further study a study of that matter or would suggest that means by which it could be made.

Asked if there were a relation between the rising meat prices and exports, Mr. Clayton replied that he did not think so, and said that he believed there was practically no export of meat or at least very little.
Asked if he thought these Geneva tariff cutting discussions might result in an agreement which would have any appreciable effect on this dollar scarcity abroad and would stimulate American exports quite a degree, Mr. Clayton answered that certainly in time such negotiations if they were successful should have considerable effect. He said the principal reason why we did not import more goods into this country from abroad and in a way cure this dollar shortage was that the world could not produce the goods to send to us. Mr. Clayton explained that the United States, in the last two years, could have absorbed quite a few billion dollars more of foreign goods than it received but it didn't receive them, not because the market was not here, or because the prices were not satisfactory or because we did not want them, but because the rest of the world couldn't produce goods in surplus above their own needs. He explained that what they were trying to do in Geneva was enormously important in the long run, but if the whole business could be concluded tomorrow on a satisfactory basis, it would not have an immediate effect in curbing the dollar shortage.

When asked if it had been decided to go ahead with creation of the bipartisan council along the lines suggested by Senator Vandenberg, Mr. Clayton said he did not know, since he had not conferred with the Secretary on the matter, but that undoubtedly the Secretary would be discussing the matter shortly.

Lincoln White

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