



## Building the Network: Raw Materials Shortages and the Western Bloc at the Beginning of the Cold War, 1948-1951

Sara Nocentini

The object of this paper is to show how the distribution of strategic materials among the Western Bloc countries from the beginning of 1948 until the end of 1951 was turned from potential competitiveness into an opportunity to strengthen alliances. I first describe the procedure adopted by the United States for controlling their exports to the Western European countries during the period preceding the Korean War, pointing out the key role played by the Marshall Plan “network.” Next, I focus on U.S. mobilization for the Korean War and the changes it introduced in procedures for distributing strategic materials. I give particular attention to the establishment of the International Materials Conference, an enlarged network, which was an important tool not only to deal with the trade-off between rearmament and economic growth, but also to obtain the support needed for its implementation.

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Before the end of the Second World War, the United States had already considered how it would access and use some raw materials during the postwar period. In 1944, the Department of Commerce defined strategic materials as those “essential to national defense, for the supply of which in war dependence must be placed in whole, or in substantial part, on sources outside the continental limits of the United States; and for which strict conservation and distribution control measures will be necessary.”<sup>1</sup> After the war, the U.S. had to draw “the major portion of the most vital industrial raw materials,” such as copper, lead, zinc, nickel, cobalt, tungsten, manganese, wool, and newsprint from abroad increasing its dependence on international sources.<sup>2</sup>

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<sup>1</sup> Percy W. Bidwell, *Raw Materials. A Study of American Policy* (New York, 1958), 33.

<sup>2</sup> National Archives and Records Administration (NARA), RG 304, Entry 278, Box 1, f, 2, Memo (restricted), *Summary position of U.S. in Raw Materials*

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**Sara Nocentini** is a doctoral student at the University of Florence, Italy.

In 1948 the regulation of strategic materials was modified, calling for government controls not only in case of war, but also in case of “emergency of war.” The higher level of control reflected a debate about increasing demand for exports increasing U.S. inflation risk that had taken place a few months before implementation of the Marshall Plan. At the beginning of November 1947, the Harriman Committee (led by Secretary of Commerce W. Averell Harriman), one of the three committees Truman charged to study the issue, proposed extending wartime controls on the postwar national economy during implementation of the Plan, giving the Department of Commerce the power to control and, in some cases, forbid exports to Europe.<sup>3</sup>

In January 1948, the Office of International Trade, part of the Department of Commerce, issued a document stating that beginning March 1 all exports to Europe had to be authorized by a license. The aim, the document clarified, was not to embargo any country but to ensure essential exports to countries that needed them most and to limit exports considered unnecessary for world reconstruction.<sup>4</sup> De facto, the measure strengthened the U.S. control over all kind of exports according to their use rather than their availability, and provided the legal basis for limiting exports to the East.<sup>5</sup>

Until the end of 1950, U.S. policy on strategic raw materials followed general legislation concerning control of exports, giving more attention to possibilities for increasing national and foreign production than to strengthening controls. At the beginning of 1948 the Economic Cooperation Act (which provided approval for and organized implementation of the Marshall Plan) specified that one priority for the use of counterpart funds (funds earned by the participating countries from

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*Production and Consumption and Relationship of Western Europe and the Red Orbit in Major Resources*, 1. See also, Robert A. Pollard, *Economic Security and the Origins of the Cold War, 1945-1950* (New York, 1985), 197-201.

<sup>3</sup> Carlo Spagnolo, “The Marshall Plan and the Stabilization of Western Europe. Counterpart Funds and Corporatist Trends in Italy, France and Western Germany (1947-1950),” Ph.D. diss., European University Institute, 1998), 159-167. The definition of scarce or strategic raw materials acquired different meanings during this period and an analysis of these changes is beyond the scope of this study. We consider this question only to underline how the definition of raw materials functioned in the introduction of wartime controls in a period of peace; Bidwell, *Raw Materials*, 33.

<sup>4</sup> Archivio Storico della Confindustria (ASC), serie 39.5/1, f. 2, Dipartimento del Commercio, Office of International Trade, Doc. OIT 78, 15 Jan. 1948. The document specified that Europe included the countries of “continental Europe, the British Islands, Iceland, Turkey, the USSR and its Asian possessions, Portugal (included the Azores and Madeira), Tangier, Spain and its possessions and the Mediterranean islands” [my translation].

<sup>5</sup> Ibid. See also Hélène Seppain, *Contrasting U.S. and German Attitudes to Soviet Trade, 1917-1991: Politics by Economic Means* (New York, 1992), 66.

the sale of products received by the United States) should be to stimulate productive activity and development of new sources of raw materials useful to the U.S. economy. It specified that 5 percent of those funds should be reserved for U.S. purchasing of strategic materials or for any other local currency requirements of the United States.<sup>6</sup> However, the influence of the Marshall Plan in distributing strategic raw materials was revealed to be even stronger.

In this paper, I present Western countries' international agreements concerning the allotment of strategic materials during the Korean War. Specifically, I discuss how the network created and developed for implementing the Marshall Plan was a decisive factor in U.S. control of strategic materials and how this network has changed and enlarged since the end of 1950 to maintain approval for the policy of rearmament and economic growth among Western nations. With respect to international actions concerning the shortage of strategic raw materials, I address the establishment and the activity of the International Materials Conference (IMC).

### **The Marshall Plan Network and U.S. Control of Strategic Materials during the Korean War**

At the end of the 1980s Michael Hogan had already proposed that the Marshall Plan was a network, stating that:

...by organizing national and transnational networks of power sharing between private functional groups and between these groups and government authorities, Marshall Planners hoped to create a framework for integration while at the same time protecting private enterprises and public order against the dual danger of bureaucratic statism and class conflict.<sup>7</sup>

The core of this framework was the Economic Cooperation Administration (ECA), set up in 1948 to organize and coordinate the implementation of the European Recovery Program (ERP). Composed of industrialists, labor representatives, and government officials, it attempted to reconcile private interests and public intervention by supporting European reconstruction and Western economic growth in order to guarantee social stability and security.<sup>8</sup> Paul Hoffman, chair of the

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<sup>6</sup> Carlo Spagnolo, *The Marshall Plan*, 185; Allen W. Dulles, *The Marshall Plan* (Providence, R.I., 1993), 85.

<sup>7</sup> Michael J. Hogan, *The Marshall Plan, America, Britain, and the Reconstruction of Western Europe, 1947-1952* (Cambridge, U.K., 1987), 428.

<sup>8</sup> Alan S. Milward, *The Reconstruction of Western Europe* (London 1984); Charles P. Kindleberger, *Marshall Plan Days* (Boston, 1987); Charles S. Maier and Gunter Bischof, *The Marshall Plan and Germany: West German Development within the Framework of the European Recovery Program* (New York, 1991). About the differences and division among conservative and liberal internationalists during the Truman administration, see Jacqueline McGlade,

Studebaker Corporation, and former chair of the Committee for Economic Development, an influential association of businesspersons and policymakers set up during the war, led the ECA's head office in Washington. It also had an Office for Special Representatives in Paris, assigned to W. Averell Harriman,<sup>9</sup> to maintain contacts with the Organisation for European Economic Cooperation (OEEC), and one office in each country included in the Program.<sup>10</sup> Within the participating countries, the actors involved in the formulation of plans were government officials, businesspersons, and, in some cases at different levels of involvement, labor representatives re-proposing *mutatis mutandis*, the U.S. framework for the implementation of the Marshall Plan.<sup>11</sup>

To obtain imports through the ERP, every country presented the ECA with its requests. Depending on the funding amount approved by Congress, the ECA, together with the OEEC, allotted the import quotas to the requesting countries, approved authorizations on a quarterly basis, and organized shipments.<sup>12</sup>

The Marshall Plan and its practical implementation through the formulation of subsidiary plans contributed to developing in the participating countries a set of knowledge, information, competencies, and relationships necessary to their industrial recovery. The ERP strengthened participating countries' capacity to acquire information about their economies, collect data by sector, and to formulate projects for their recovery, in a word: planning. It increased the number of experts (businesspersons as well as government officials) able to keep strict relationships at the same time, with their national productive sectors and governments, with the shared objective taking the largest possible amount

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"From Business Reform Programme to Production Drive: The Transformation of US Technical Assistance to Western Europe," in *The Americanization of European Business: The Marshall Plan and the Transfer of US management Models*, ed. Matthias Kipping and Ove Bjarnar (New York, 1998), 21-23.

<sup>9</sup> W. Averell Harriman had been member of the Business Advisory Council, another influential business association, former Secretary of Commerce and, since 1948, American representative at the Organisation of European Economic Cooperation (OEEC). Paul G. Pierpaoli Jr., *Truman and Korea: The Political Culture of the Early Cold War* (Columbia, Mo., 1999), 79; Stefano Battilossi, *L'Italia nel sistema economico internazionale. Il management dell'integrazione. Finanza, industria e istituzioni 1945-1955* (Milano, 1996), 397. On Paul Hoffman, also see McClade, "From Business Reform," 22.

<sup>10</sup> The OEEC was created in 1948, was composed by the 16 countries included in the Marshall Plan and aimed to coordinate the requests for imports from the United States. Richard T. Griffiths, *Explorations in OEEC History* (Paris 1997).

<sup>11</sup> Michael J. Hogan, *The Marshall Plan*, 135-165.

<sup>12</sup> Carlo Spagnolo, *La stabilizzazione incompiuta: Il Piano Marshall in Italia (1947-1952)* (Rome, 2001), 125-129; Chiarella Esposito, *America's Feeble Weapon: Funding the Marshall Plan in France and Italy, 1948-1950* (Westport, Conn., 1994).

of resources from the U.S. agencies in Washington.<sup>13</sup> In Italy, for example, Confindustria kept contact with the Italian purchasing mission<sup>14</sup> in Washington and the Department of Industry in Rome, setting up both a capillary framework for data collection and sector-by-sector information regarding the situation and requirements.<sup>15</sup>

With the outbreak of the Korean War the U.S. policy concerning strategic materials changed considerably; the decision to intervene in support of South Korea gave rise to a debate in the United States concerning giving President Truman special war powers, culminating in September 1950, when he signed the Defense Production Act. The Act enabled the President, to establish priorities and allocation systems, expand productive capacity and the extraction of strategic materials, and invoke wage, price, and credit controls. Truman put Stuart Symington, already Chairman of the National Security Resources Board (NSRB), at the head of the controls setup, while the task of handling priorities and allocations of materials and manufacturing facilities was given to the Secretary of Commerce Charles Sawyer, who proceeded to establish the National Productivity Authority (NPA) within the Department of Commerce.<sup>16</sup>

Until November 1950, the course of the events in Korea and the widespread fear of the establishment of a “garrison state” encouraged Truman not to proceed too fast in strengthening controls over the American economy.<sup>17</sup> However, at the end of November, the Chinese intervention in the Korean War changed Truman’s opinion. In the middle of December, Truman declared a national emergency and announced the creation of a new mobilization agency, the Office of Defense Mobilization (ODM) led by Charles E. Wilson, who was given unprecedented powers to

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<sup>13</sup> Michael J. Hogan, *The Marshall Plan*, 135-165; Werner Link, “Building Coalitions: Non-governmental German-American linkages,” in *The Marshall Plan and Germany*, ed. Charles S. Maier and Gunter Bischof, (New York, 1991), 282-330; Henry Pelling, *Britain and the Marshall Plan* (New York, 1988), 44-63; Vibeke Sørensen, *Denmark’s Social Democratic Government and the Marshall Plan 1947-1950* (Copenhagen, 2001), 73-75.

<sup>14</sup> The Italian government had sent an Italian Technical Delegation to Washington beginning in 1945. The Delegation represented an important point of reference for Italian purchases in the United States and for the implementation of the aid program, and after the outbreak of the Korean War, kept contact with the American departments and agencies for the allotment of scarce materials. ASC, *Appunti sull’attività della Delegazione Tecnica Italiana adal 1 maggio 1945 al 31 agosto 1951*.

<sup>15</sup> CGII, *Notiziario*, n.7, 5 April 1951.

<sup>16</sup> Pierpaoli, *Truman and Korea*, 37-38.

<sup>17</sup> Public Record Office (PRO), BT 172/58, *United States Machinery for Economic Mobilization. Survey Note n. 1, 2*.



coordinate the overall mobilization program.<sup>18</sup> The NSRB was downgraded to an advisory board for the President and the National Security Council, while the NPA kept its role even as it was put under the control of the Defense Production Administration, which was supposed to handle all industrial requirements and allocation responsibilities, but re-delegated most of those tasks to existing agencies.<sup>19</sup>

In order to be effective and retain Congressional support, the controls on production, consumption, even on stocks that the United States set on its internal market had to proportionately affect the rest of the world, especially those countries strictly linked to the American economy through the ERP.<sup>20</sup> Along with East Bloc trade restrictions, which were further augmented after 1949, the United States introduced export quotas on strategic materials to the Western European countries.<sup>21</sup> The list of items included non-ferrous metals, many iron and steel industry products, cellulose, synthetic rubber, and many chemical products.<sup>22</sup>

In many countries, the new procedure entailed additional effort including enlarging the existing framework for determining productive sector needs and data collection, particularly regarding the end use of materials. To determine the allocation of strategic materials, the United States asked each country for a long list of justifications, a decisive element for obtaining the required resources. The introduction of this clause allowed the United States to have a complete picture of each country's situation, not only with respect to the availability of strategic materials, but also their capacity to locate other supply sources, as well as the political and economic impact of a U.S. decision to deny the amount requested.<sup>23</sup>

The Economic Cooperation Administration (ECA) provided the link between European needs and U.S. resources and plans. It was the "claimant agency" for the European countries and their overseas

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<sup>18</sup> Charles E. Wilson, Chairman of the General Electric, was a member of the National Recovery Administration during the 1930s and executive vice chair of the World Production Board during World War II; see Pierpaoli, *Truman and Korea*, 51.

<sup>19</sup> *Ibid.*, 44 and 54-55.

<sup>20</sup> ASC, Serie 39.4/1, f.1., U.S. Department of Commerce, National Production Authority, *Regolamento n. 1*, 18 Sept. 1950.

<sup>21</sup> Hélène Seppain, *Contrasting U.S. and German Attitudes to Soviet Trade, 1917-1991*, 68-69; PRO, BT 172/58, *United States Machinery for Economic Mobilization. Survey Note n. 1*, 1.

<sup>22</sup> CGII, *Annuario 1952*, Roma 1952, 524; ASC, Serie 39.4/1, *Circolare Ris/114*, 14 dicembre 1950 e allegati.

<sup>23</sup> ASC, Serie 39.5/1 f. MSA-8, *Determinazione quote esportazione dagli Stati Uniti di materiali scarsi*, 27 Nov. 1950; Serie 39.1/1, f. 4, *Istruzioni per la presentazione di fabbisogni di materiali scarsi da esportare dagli Stati Uniti*; CGII, *Notiziario*, n. 7, 5 April 1951, 486-487.

territories. It was the only agency through which it was possible to import strategic materials from the United States.

In spite of the ECA's assigned role, the procedure chosen was completely different from that followed by the Marshall Planners in deliberately eschewing the European level of coordination realized by the Paris ECA office and the OEEC. Every country was asked to present its requests to the ECA Head Office, its "Mission" in Washington, D.C., not through the local ECA offices or through the Office of Special Representatives in Paris.<sup>24</sup> The Missions consisted of delegations, offices, or Embassy representatives who had established their main offices in Washington, in many cases during the early post war period, to bargain on the behalf of their governments for aid and purchases.<sup>25</sup> This procedure was considered necessary in order to keep the U.S. administration in everyday contact with the participating countries regarding available resources to ensure unity of action.

This procedure was significantly different from the Marshall Plan, in that the United States strengthened the bilateral approach concerning access to strategic raw materials. While bilateralism was not absent in the

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<sup>24</sup> ASC, Serie 39.5/1 f. MSA-8, *Determinazione quote esportazione dagli Stati Uniti di materiali scarsi*, 27 Nov. 1950; ASC, Serie 39.5/1, f. MSA-8, Delegazione Tecnica Italiana, *Esportazioni dagli USA di materiali scarsi. Compiti di questa delegazione Tecnica*, 28 Nov. 1950.

<sup>25</sup> The list of the Missions in Washington is incomplete. However, documentation is available for the largest countries included in the ERP. Great Britain had an office dependent on the Ministry of Supply in Washington and, most important, an Ambassador, Oliver Franks, who had been Permanent Secretary of the Ministry of Supply in 1945-1946, head of the British delegation to the Committee for European Economic Cooperation (CEEC) and Ambassador in the United States from 1948 to 1952. NARA, RG 304, Box 15, f. IMC, Tungsten and Molybdenum—General, Letter from Mr. R. L. Wilcox (ECA) to Mr. Geehan (Defense Minerals Administration), *ECA Recommendation for Distribution 2<sup>nd</sup> quarter 1951: U.S. Export Quota on Molybdenite and Roasted Molybdenum Concentrates*, 31 May 1951; Alan S. Milward, *The Reconstruction of Western Europe 1945-1951* (Berkeley, Calif., 1984), 82. France had a Foreign Supply Office in Washington (probably the purchasing mission mentioned by Albert Hirschman) led immediately after the war by Jean Monnet; see Albert O. Hirschman, "Fifty Years After the Marshall Plan: Two Posthumous Memoirs and Some Personal Recollections," in *Crossing Boundaries: Selected Writings*, ed. Albert O. Hirschman (New York, 1998), 35. The German Federal Republic sent its Permanent Mission, while Belgium had a Belgian Mission for economic cooperation; see NARA, RG 304, Box 15, f. IMC, Tungsten and Molybdenum – General; PRO, BT 172/58, *Central group; Copper, Zinc, Lead Group; Tungsten, Molybdenum Group; Manganese, Nickel, Cobalt Group; Cotton and Cotton Linters Group; Pulp and Paper Group; Sulphur Group; Wool Group*. Italy could rely, beginning in 1945, on the Deltec; see Archivio Centrale dello Stato (ACS), Ministero del Commercio Estero, B. 26, *Appunti sull'attività della Delegazione Tecnica Italiana dal 1 maggio 1945 al 31 agosto 1951*.

ERP, it was at least softened by the introduction of a European level of coordination.<sup>26</sup> The emergency situation and the discretionary powers that the U.S. administration reserved for itself made informal relations even more important than formal ones. According to Italian Ambassador and Chief of the Italian Technical Delegation (Deltec), Egidio Ortona's report, the U.S. mobilization caused a "return to the origins," when, before the beginning of the ERP, the purchase of materials in the United States was characterized by a fluctuating and unsettled situation, extensive and detailed American controls, and acute scarcity of materials and products. This situation required the Italian delegation to establish daily contacts, both at formal and informal levels, with the ECA and the Office of International Trade (OIT) to obtain the materials requested.<sup>27</sup> The importance of the informal relationship with the American agencies was also strengthened by the fact that the announced export quota did not bind the United States to allot the total amount, because they reserved the right to distribute an even smaller quantity than the one authorized for export. Furthermore, they did not reveal each country's quota, but rather a material-by-material global export total, leaving the definition of their allotment by country to informal and confidential negotiations among the ECA, the OIT, and every single mission.<sup>28</sup>

The importance of this international network in order to implement the control of available strategic resources was twofold. First, the Marshall Plan network was useful for the control and distribution of strategic materials, because the European countries had already established a framework to collect data and keep in contact with national and foreign institutions, involving those actors (industrialist, governments, and sometimes labor representatives) that the strategic materials control measures would affect. Every participating country, already prepared to detail its requests for ERP aid, was asked to follow a special procedure for materials considered strategic by the United States. For each item requested, requirements had to be communicated with a detailed definition of the end use, especially for those products used for civilian purposes; for those for defense purposes, a global request amount was sufficient.<sup>29</sup>

Second, the network transmitted a transatlantic "community of values." They were often "vague" values, as Matthias Kipping has pointed

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<sup>26</sup> According to the ERP's procedure, the aid was allotted country-by-country, according to the requests included in the European Program. Ennio Di Nolfo, *Storia delle Relazioni Internazionali*, 705.

<sup>27</sup> ASC, *Appunti sull'attività della Delegazione Tecnica Italiana dal 1 maggio 1945 al 31 agosto 1951*, 2 and 11; my translation.

<sup>28</sup> ASC, Serie 39.5/1 f. MSA-8, *Mobilizzazione economica Americana: disciplina delle esportazioni dagli USA (informal quotas)*, 26 maggio 1951 e 11 giugno 1951; CGII, *Annuario 1952* (Roma 1952), 524.

<sup>29</sup> ASC, Serie 39.5/1 f. *Determinazione quote esportazione dagli Stati Uniti di materiali scarsi*, 27 Nov. 1950.



out, but they could be summarized as trust in economic growth, productivity, and modernization.<sup>30</sup> These shared ideas and this project, together with practical limits such as the dollar shortage, played an important role in making the participating countries accept, and even sometimes support, U.S. control of strategic resources.<sup>31</sup> European countries trusted U.S. policy on strategic materials, even though the controls on exports and the distribution of scarce materials contrasted with the objective of increasing and liberalizing trade, considered after the “lessons of the Thirties,” the appropriate path to economic development and recovery. The aim of liberalizing trade was postponed, with the alliance remaining solid on the other values.

According to André Kaspi, the ECA, as well as other international organizations such as the OEEC, the economic bureau of NATO, and the European Payments Union created “a sort of European bureaucracy” that “contributed to model a Europe more or less united, more or less technocratic, but an alive Europe.”<sup>32</sup> In other words, it represented a way to form a new elite “who had a personal and political stake in defending the values” of economic growth, productivity, and modernization.<sup>33</sup>

### **Materials Shortages in the Cold War: U.S. Mobilization and International Consent**

During the Korean War, the emergency situation and uncertainty concerning access to essential raw materials spread throughout Europe, creating deep discontent and lack of confidence. Europeans complained about the scant consideration Washington gave to their needs, fearing that the U.S. rearmament and mobilization could be an obstacle to economic reconstruction and to the equilibrium of their balance of payments. The most acute critic of U.S. policy towards the friendly countries came from the United Kingdom, France, Italy, and, more generally, by the OEEC, which considered the U.S. military and stockpiling purchases the main cause of strategic materials’ scarcity and large increase in price.<sup>34</sup>

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<sup>30</sup> Ove Bjarnar and Matthias Kipping, “The Marshall Plan and the Transfer of US Management Models to Europe: An Introductory Framework,” in *The Americanization of European Business*, ed. Ove Bjarnar and Matthias Kipping (New York, 1998), 10.

<sup>31</sup> ASC, Serie 39.5/1, f. MSA-8, Delegazione Tecnica Italiana, *Esportazioni dagli USA di materiali scarsi. Compiti di questa delegazione Tecnica*, 28 Nov. 1950.

<sup>32</sup> Spagnolo, *The Marshall Plan and the Stabilization of Western Europe*, 199.

<sup>33</sup> Charles S. Maier, “Alliance and Autonomy: European Identity and US Foreign Objectives in the Truman Years,” in *The Truman Presidency*, ed. Michael J. Lacey (Cambridge, U.K., 1989), 274.

<sup>34</sup> Ministère des Affaires étrangères, Paris (MAE), Coopération économique et financière, b. 159 Matières premières, Organisation Européenne de Coopération économique, *Note sur une politique commune des matières premières*, 6 Nov. 1950; PRO, CAB 134/658, Raw materials committee, *Meetings between the*

In effect, the procedure adopted by the United States, giving them the power to distribute export quotas of strategic materials unilaterally according to their list of priorities, risked undermining their commitment to security. Excessive restriction of U.S. exports to European countries would have pushed the latter towards supply sources from which the United States was importing strategic materials (Canada, Latin America, Asia, and Africa), causing a general and costly run on resources.<sup>35</sup> The perception that American rearmament and European reconstruction, or security and economic growth, could be in opposition, would have weakened the unity and strength of the West Bloc.<sup>36</sup>

However, the Truman administration, while organizing the mobilization effort, kept emphasizing security through economic growth, as demonstrated by the meeting between the President and the British Prime Minister, in Washington in December 1950. In the joint statement released at the end of their talks, Truman and Attlee declared that they had agreed “that the maintenance of healthy civilian economies [was] of vital importance to the success of [their] defence effort” and that they had “recognized the necessity of international action to assure that basic raw materials [were] distributed equitably in accordance to defence and essential civilian needs.”<sup>37</sup>

Even before the meeting between Attlee and Truman, and before the Chinese intervention in the Korean War, the ECA had discussed this issue with the Chancellor of the Exchequer, who pointed out the need for NATO to deal with the scarcity of raw materials, if OEEC action were to have any effect. In fact, the OEEC had just started studying how to face the European raw materials shortage, considering the delicate context of rearmament and economic reconstruction, but the ECA special representative observed that “both OEEC and NATO had been overtaken by events and that the time had come for urgent action. In his view, this could only be taken in Washington, since only there could contact be made with the United States Agencies who had the power of decision in respect to the various raw materials.”<sup>38</sup> Only 2 months later, the debate about

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*Chancellor of the Exchequer and Mr. Foster, the Economic Cooperation Administrator*, 6 Nov. 1950.

<sup>35</sup> Dulles, *The Marshall Plan*, 85.

<sup>36</sup> NARA, RG 304, Entry 278, Box 1, f, 2, Memo (restricted), *Summary Position of U.S.: In Raw Materials Production and Consumption and Relationship of Western Europe and the Red Orbit in Major Resources*, 1. See also Melvyn P. Leffler, *A Preponderance of Power* (Stanford, Calif., 1992), 149. The of question whether the U.S. demand for strategic resources was necessary or excessive was still controversial; for some observations on the American mineral “dependency,” see Pollard, *Economic Security and the Origins of the Cold War*, 198-201.

<sup>37</sup> NARA, RG 304, box 1, f. 2, IMC- General 1951, *Communique*, 8 Dec.1950, p. 5.

<sup>38</sup> PRO, CAB 134/658, Raw materials committee, *Meetings between the Chancellor of the Exchequer and Mr. Foster, the Economic Cooperation*

OEEC and NATO competence had become an “historical precedent.”<sup>39</sup> The question of international action about raw materials had been resolved by the joint statement issued by the United States, Great Britain, and France, in January 1951, announcing the establishment, in Washington, of the IMC, “in order to expand production, increase availabilities, conserve supplies, and assure the most effective distribution and utilization of supplies among consuming countries.”<sup>40</sup>

The IMC was made up of a Central Group with coordinating objectives and seven Commodity Committees. The Central Group included the three initiating countries, plus Australia, Brazil, Canada, India, Italy, and a representative for the OEEC and one for the Organisation of American States (OAS). The Commodity Committees comprised the largest producers and consumers of each material, directly involving a total of twenty-three countries in the distribution of resources throughout the whole West Bloc.<sup>41</sup> Working autonomously, these committees issued every country instructions about the consumption and production of scarce raw materials. In some cases, the committees also issued so-called “entitlements to consumption,” which corresponded to an international allocation, agreed by the representatives, and voluntarily accepted by the Governments.<sup>42</sup> The establishment of the IMC did not substantially change the procedure set up by the U.S. mobilization agencies and by the European countries to obtain export quotas. The requests and justifications submitted to the ECA were used also for the requests within the IMC, while U.S. agencies had to authorize the export of strategic materials, even those controlled by the IMC.<sup>43</sup> Furthermore, in spite of international activity, the powerful position of the United States still played a major role in convincing the importing countries to respect

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*Administrator*, 6 Nov. 1950. The talks that took place in London confirmed the important role played by the ECA, not only as “claimant agency” but also as a “special ambassador” of the U.S. foreign economic policy to the Western European countries, able to predispose its implementation.

<sup>39</sup> ASC, Serie 39.1/1, f.1, CGII, Comitato permanente per gli affari economici, *Scarsità materie prime e problemi relativi*, 1 marzo 1951, p. 3 [my translation].

<sup>40</sup> ASC, Series, 39.1, b. 1, f. 1, *Report on operations of the International Materials Conference, February 26, 1951 to March 1, 1952*, p 58.

<sup>41</sup> ASC, Serie, 39.1, b. 1, f. 1, *Report on operations of the International Materials Conference, February 26, 1951 to March 1, 1952*, 1-9. The entitlements to consumption were issued only for copper, zinc, nickel, cobalt, sulfur, tungsten, and molybdenum; see Herbert H. Liebafsky, “The International Materials Conference in Retrospect,” *The Quarterly Journal of Economics* 71 (May 1957): 267-288.

<sup>42</sup> The Commodity Committees were: copper, zinc, lead; tungsten, molybdenum; manganese, nickel, cobalt; cotton and cotton linters; pulp and paper; sulfur; and wool. Herbert H. Liebafsky, “The International Materials Conference in Retrospect,” *The Quarterly Journal of Economics* 71 (May 1957): 267-288.

<sup>43</sup> CGII, *Notiziario*, n.7, 5 April 1951.

the Committees' decisions. As pointed out in the Confindustria report concerning raw materials scarcity, for those countries dependent on U.S. exports, it would have been hard not to follow the IMC recommendation, especially had the U.S. subordinated American exports to the acceptance of the recommendations themselves, which was not "only a conjectural eventuality."<sup>44</sup>

However, the U.S.'s main purpose within the IMC was not (or not only) to strengthen its unilateral control over strategic resources, but to generate international support for its policy of rearmament and Western economic growth, including as many friendly countries as possible in the decision about allocation and use of strategic raw materials. In giving instructions to the U.S. representatives in the IMC, the Defense Production Administration pointed out that their primary objective should have been to "obtain that action which will lend the greatest support to the strengthening of the free world, both for the purpose of increasing our chance of victory in the event of outright war and for the purpose of discouraging Soviet aggression." Consequently, they avoided obtaining an "unreasonable" amount of the available supplies, which might have had serious political consequences throughout the free world, "thus helping the Communists to turn the rest of the world against the US."<sup>45</sup>

As far as IMC priorities, the military aims demanded the greatest attention but they could not be too explicit about conflict with the U.S.S.R. and the role of NATO. They needed to avoid endangering the cooperation of certain non-NATO countries, such as India, Switzerland, and Sweden or to offend those countries opposed to the U.S.S.R., but whose military programs were not coordinated through the NATO, such as the Latin American countries.

Essential civilian needs came immediately after the military programs, with the purpose of providing in the United States and in the friendly countries a level of goods and services that would have permitted the desired rate of defense production as well as "preventing the growth of dangerous dissension within the civilian population."<sup>46</sup>

The question about stockpiling was more delicate because the United States had to convince the participating countries, mostly in Europe, that stockpiling by the U.S. was in everyone's interest. The Defense Production Administration suggested that this subject be dealt with on a case-by-case basis, according to the composition of the Committee and in synergy with the U.S. Defense department and NATO.<sup>47</sup>

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<sup>44</sup> ASC, Serie 39.1/1, f.1, CGII, Comitato permanente per gli affari economici, *Scarsità materie prime e problemi relativi*, 1 Mar. 1951, p. 6 [my translation].

<sup>45</sup> NARA, RG 304, Entry 278, box 1, Memo (secret) *General Policies of the Guidance of U.S. Representatives on IMC Commodity Committees*, 03-20-51, p. 2.

<sup>46</sup> *Ibid.*, 3

<sup>47</sup> *Ibid.*, 4.

The definition of the aforementioned priorities confirms the flexibility of U.S. policy aimed at obtaining the broadest possible support, even if it did not share the interests of the countries and areas involved. In fact, in spite of its extensive participation, the IMC reflected the strength of the European and American common interests. The definition of the entitlements to consumption and other recommendations issued to governments could not ignore NATO's agreed security program, especially towards the end of 1950, when the organisation was setting up an integrated Atlantic army.<sup>48</sup> Nor could the great effort made by the United States in European recovery through the Marshall Plan be ignored. In fact, the IMC executive secretariat was assigned to a former ECA official, Charles W. Jeffers, previously Head of the ECA's Industry Division in Europe (coal section),<sup>49</sup> U.S. representative in the European Coal Organisation, in London, and Director of the coal division of the United Nation Economic Commission for Europe, in Geneva.<sup>50</sup>

The ECA was present in the IMC through the U.S. delegation, whose representatives and or advisors were sometimes ECA officials, such as Theodore L Sweet (industry division) for the sulfur group, Benoni Lockwood, Jr. and Ralph L. Wilcox (Assistant Chief and Chief of the non ferrous metals branch) for the manganese, nickel, and cobalt group.<sup>51</sup> The U.S. representative in the Central Group was Edwin T. Gibson, Acting administrator of the DPA, previously Executive Vice President of General Food Inc.<sup>52</sup>

As far as the European delegations were concerned, their membership, even if less directly linked to the ECA, reflected its "lesson." Their members included well-connected and powerful government officials as well as influential businesspersons involved (at least to some degree) in the reconstruction effort. Raoul de Vitry, Pechiney Corporation's General Director represented France in the Central Group, and Renaud Gillet, President of the Givet Izieux was included on its staff as advisor to the wool committee. The U.K. representative in the Central Group was Lord Knollys, member of the British Overseas Airways Company, Chief Executive of the Merchant Marine Insurance Company and of the Berkley's Bank. The British advisors in the manganese, nickel, and cobalt committee were Frank H. Saniter, Director of research of the

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<sup>48</sup> Lawrence S. Kaplan, *A Community of Interests: NATO and the Military Assistance Program, 1948-1951* (Washington D.C., 1980).

<sup>49</sup> The ECA's industry divisions were those that organized the so-called productivity teams in Europe, Michael J. Hogan, *The Marshall Plan*, 142.

<sup>50</sup> NARA, RG 304, Entry 278, Box 1, *Press release n. 88*, 12 Jan. 1953.

<sup>51</sup> PRO, BT 172/58, *Central Group; Copper, Zinc, Lead Group; Tungsten, Molybdenum Group; Manganese, Nickel, Cobalt Group; Cotton and Cotton Linters Group; Pulp and Paper Group; Sulfur Group; Wool Group*.

<sup>52</sup> NARA, RG 304, Entry 278, Box 1, *NPA, Daily Information Digest*, suppl. 26, June 26, 1951.



United Steel Company Ltd. and H. C. Green from the Murex Ltd. Belgium's advisors in the sulfur group were Marcel Ferou, Manager of the Produits Chimiques of Tessengerloo, Jacques Rulot, Director of the Union Chimique Belge S.A., and Etienne Sepulchre, Director of the Société Générale des Minerais. Willy Köhler, Director of the Cotton Spinners Association, in Frankfort, was the West Germany representative in the cotton group, and Alexander Von Imhoff, from the Verein Deutscher Kammgarnspinner represented it in the wool group. West Germany was also represented in the IMC by Karl Hans Von Mangold, a Foreign Office official before and during the Second World War, who had represented the Federal Republic in the OEEC between 1949 and 1950 and was chief of the ECA Mission in West Germany.<sup>53</sup>

Enrico Pavia, Italian Cotton Association, New York, and Renato Lombardi, Italian Wool Association, Milan, represented Italy in the cotton and wool groups, respectively. Several members of Deltec, the Italian mission with important links to Confindustria also provided support. In addition, the "Missions" in Washington had some representatives and/or advisors to the Committees activity of the European countries within the IMC.<sup>54</sup>

Raw material-producing nations had, in effect, far less influence in the IMC. With fewer personnel in their Washington embassies and weaker technical support, they could neither keep up with the frequency of IMC meetings nor supply necessary information, relying, instead, on their ambassadors or limited delegations for representation.<sup>55</sup>

With the exception of the United States, Canada, and Western Europe, the countries directly represented in the commodity committees were Bolivia, Brazil, Chile, Cuba, Mexico, Peru, Uruguay, Australia, India, New Zealand, and South Africa. All except for Australia, Brazil, India, and South Africa, participated in only one or two committees and were usually represented by commercial attachés, Embassy officials, and in some cases, directly by their government's secretaries, with few alternates who could

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<sup>53</sup> NARA, RG 59, box 1478, 397.6/6-1451, Telegram a Mr. Riley da Evernghin Blake.

<sup>54</sup> ASC, CGII, Comitato permanente per gli affari economici, *Scarsità materie prime e problemi relativi*, 1 Mar. 1951, 5; CGII, *Annuario 1952*, 525. PRO, BT 172/58, *Central Group; Copper, Zinc, Lead Group; Tungsten, Molybdenum Group; Manganese, Nickel, Cobalt Group; Cotton and Cotton Linters Group; Pulp and Paper Group; Sulfur Group; Wool Group*. About Pechiney, see L. Caillaud, "Selective Adaptation of American Management Models: The Long-Term Relationship of Pechiney with the United States," in *The Americanization of European Business: The Marshall Plan and the Transfer of US Management Models*, ed. Matthias Kipping and Ove Bjarnar (New York, 1998), 190-207.

<sup>55</sup> MAE, Coopération économique et financière, box 160 Conférence internationale des matières premières [mars 51-mars 55], Service de coopération économique, *Note pour Monsieur Wormser*, 27 Mar. 1951.

serve as substitutes.<sup>56</sup> As far as the Latin American countries were concerned, they were mostly represented as producing countries and, as such, their interests in price agreements, long-term contracts, U.S. assurances of exports, and so forth, did not receive attention in committee discussions.<sup>57</sup> The United States viewed long-term promises as potentially dangerous; they might exhaust future freedom of action as well as bargaining space, and, if necessary, a bilateral discussion of these questions was preferred.<sup>58</sup>

## Conclusions

The U.S. administration worried about the scarcity of some industrial raw materials during both the Second World War and the postwar period. Until the outbreak of the Korean War, U.S. policy was aimed mostly at increasing production of national and foreign supply sources. However, beginning in late 1950s, the fulfillment of rearmament objectives and the reconstruction of Western European economies contributed to producing more intensive state intervention into controlling strategic resources.

The new mobilization agencies that Truman established at the end of 1950 relied on an already-functioning network of competences and contacts. They linked U.S. agencies directly to the framework created by all participating countries to prepare import plans, also involving those actors affected by strategic materials distribution.

The strength of the shared ideas at the heart of the recovery program (growth, productivity, and modernization) also helped to keep the European trust in American leadership and overcame any discontent raised by the introduction of new controls on resource access. This was especially powerful during a period when the “lessons of the Thirties” suggested the value of abandoning barriers and restrictions to international trade.<sup>59</sup> However, the fear expressed mostly by Western European countries that there could be a trade-off between military objectives and economic growth prompted the United States to deal with

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<sup>56</sup> PRO, BT 172/58, *Central group; Copper, Zinc, Lead Group; Tungsten, Molybdenum Group; Manganese, Nickel, Cobalt Group; Cotton and Cotton Linters Group; Pulp and Paper Group; Sulfur group; Wool Group*. Brazil and India had their own supply office in Washington.

<sup>57</sup> NARA, RG 59, Box 1477, Telegram from the Council of the Organization of American States to the Department of State, 26 Feb. 1951.

<sup>58</sup> NARA, RG 304, Entry 278, box 1, Memo (secret) *General Policies of the Guidance of U.S. Representatives on IMC Commodity Committees*, 03-20-51, p. 8-10. Between 1945 and 1950, the US government gave the twenty Latin American Republics grants and credits for \$400 million. During the same period the Western European countries received \$19 billion; see Pollard, *Economic Security and the Origins of the Cold War*, 203-213.

<sup>59</sup> Heinz W. Arndt, *The Economic Lessons of the Nineteen-Thirties* (London, 1993).

the strategic raw materials issue on an international multilateral level, including as many friendly countries as possible to strengthen the Western alliance. For this purpose, the United States extended membership in the IMC not only to the biggest consumers but also to the biggest producers, and to both NATO and non-NATO countries.

The U.S. establishment of and active participation in the IMC, demonstrated that beyond the Korean War emergency, the Cold War imposed an imperative to address the balance between rearmament and economic growth and its relationship with whatever international support could be obtained.<sup>60</sup> Thus, the IMC put on a multilateral basis a question that de facto was increasingly centralized by the U.S. mobilization agencies. This gave international action on scarce materials the support needed to face the rearmament effort, while keeping the commitment to economic growth so as not to weaken the alliance against the Communists. The scarcity of raw materials, which could have introduced a strong element of competitiveness and contrast among the countries of the West Bloc, was turned into an opportunity: to strengthen alliances by including the broadest possible participation while confirming U.S. hegemony.

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<sup>60</sup> Concerning “hegemony by mutual consent,” see Charles S. Maier, “Alliance and Autonomy: European Identity and US Foreign Objectives in the Truman Years,” in *The Truman Presidency*, ed. Michael J. Lacey (Cambridge, U.K., 1989), 273-298.