

W. Walton Butterworth, Oral History Interview—5/28/1970
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Biographical Note

Butterworth was American representative to the European Coal and Steel Community (1956-1962), American representative to the European Economic Community for the European Atomic Energy Commission (1958-1962), and Ambassador to Canada (1962-1968). In this interview, he discusses Joseph P. Kennedy, Sr.'s ambassadorship with Great Britain, Butterworth's relationship to General George C. Marshall and John Foster Dulles, and relations between the United States and Canada during the time that Butterworth served as ambassador to Canada, among other issues.

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Oral History Interview

Of

W. Walton Butterworth

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W. Walton Butterworth

Table of Contents

<u>Page</u>	<u>Topic</u>
1	Kennedy family in London
2	Joseph P. Kennedy, Sr., as ambassador to England
4	Ambassador Kennedy's relationship with Franklin Delano Roosevelt and other members of the Roosevelt administration
5	Ambassador Kennedy's relationship with the British government
8	General George C. Marshall
10	State of the Foreign Service in the 1950s
13	John Foster Dulles
15	European reaction to John K. Kennedy and the Kennedy administration
17	Butterworth's appointment as ambassador to Canada
18	Meetings with President Kennedy
19	Canadian Prime Minister John G. Diefenbacker's attempts to blackmail the United States with a briefing paper by Walt W. Rostow
20	Storing nuclear materials in Canada
24	Canadian dependence on the United States for military intelligence
25	Controversy about Canada joining the Organization of American States
26	Trade agreements and disputes with Canada

Oral History Interview

with

W. Walton Butterworth

May 28, 1970
Princeton, New Jersey

By Dennis O'Brien

For the John F. Kennedy Library

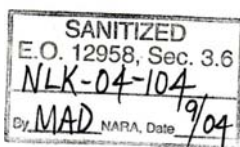
O'BRIEN: When did you first meet Jack Kennedy [John F. Kennedy]?

BUTTERWORTH: Well, I first knew him when he was a very young man. I was in the embassy in London, and had been there for several years when his father [Joseph P. Kennedy, Sr.] became the ambassador. So, of course, I met all of the children at that time. In fact, Ambassador Kennedy asked me where would be a good place out of England where he might spend his first summer. I had for some two or three years been going to the Hotel du Cape at Antibes and suggested that he might like to go there, and then from there he could rent a villa. In fact, he did so, and I think the families still go back to Antibes. So I used to see the children at Eden Rock off duty as well as occasionally in London off duty.

I really knew the eldest Kennedy boy [Joseph P. Kennedy, Jr.] better than I knew Jack, because he was the eldest and I had great admiration for him. I thought he was a most attractive fellow, and so was Jack Kennedy, too.

O'BRIEN: What were the two of them like as young men? Were they interested in public affairs?

BUTTERWORTH: I really don't know how deep an interest they had in public affairs



at that time. The thing that impressed me about all those children was their intense interest in everything and their competitive spirit which Joe Kennedy tended to foster. Even at the lunch table he was always throwing questions at them and keeping them on their toes and making them interested in various things.

Joe, Jr., I think, was more of a natural leader than Jack Kennedy was. Things came very easily to him, and he naturally did them well. He was the sort of person that people tended to follow. You would see the other boys of his age looking to him for the initiative. I don't think this was as true of Jack Kennedy, probably because he grew up under the shadow of a such an attractive and able elder brother. That's perhaps why he succeeded so well—that things didn't come so easily to him.

He had an illness when he first went to Princeton before he went to Harvard, and had to leave for a year and stay the rest of the year in London. And then, of course, he had his wartime difficulties. Perhaps this is what makes people; it's a little adversity, as well as natural ability.

O'BRIEN: Right. What was the father like as an ambassador?

BUTTERWORTH: Well, I think that Joe Kennedy has been much maligned, that people forget the sequence of events. He has been accused of behaving improperly in London and undermining the British government when Great Britain stood alone and so on and so forth.

This really isn't the fact. The fact was that as long as he was in London, although he had his opinions, I remember on a number of occasions his saying that England was the greatest short sale he had ever seen. As a matter of fact I argued with him on this because that was contrary to my view.

It wasn't until he got to the United States.... He had a telegram from Mr. Roosevelt [Franklin Delano Roosevelt] saying, "Don't talk to anyone until after you see me," and it wasn't until after he got to the United States, after he'd seen Roosevelt, that he began to give interviews, advertently or inadvertently, and make speeches which were of an isolationist nature and which were really.... From the point of view of propriety, it was not a very desirable thing for the American ambassador who had just left his post in London to then be criticizing the British government in a time when they were in desperate need.

While he was in London he conducted himself with propriety, and he was a good ambassador after his fashion.

O'BRIEN: Was there a difference in his thinking and the thinking of the political sections of the embassy in regard to what the policy should be towards Britain in those years?

BUTTERWORTH: No, I don't think so because I don't think there was any.... As events unfolded there was no desire on the part of the people in the State Department or people in the embassy who were professional to be involved in the war initially. Then we had this phony war period, which was one of more or less inaction, and then these series of catastrophic military defeats beginning with

Norway and going through the fall of France. England was then left alone. I don't think at any point was there any active sentiment that I knew of in the State Department or in the embassy of military intervention *per se*.

There were those of us who thought that the British were not going to collapse, that this rearguard kind of action was the kind that the British character is almost designed for. All through British history they have on numerous occasions lost many battles and won the war by this ability to hang on.

It was Cudahy [John Cudahy] and Mooney [James D. Mooney].... Cudahy had been ambassador to Ireland and he was ambassador in Brussels, and when the German army swept over Belgium it left an indelible impression of irresistibility in his mind. He and another Celt named Mooney, who was the head of General Motors in Europe—he also, from his knowledge of the industrial build-up and efficiency of Germany, thought that the Germans were going to win. And then Lindbergh [Charles A. Lindbergh], of course, appeared on the scene and wrote a long memorandum which I transmitted by telegraph to Washington, predicting that the German air force was going to bomb the allied cities flat.

This impressed Joe Kennedy enormously. Although he was a graduate of Harvard, I can't say that Harvard had left much of an imprint on him as far as historical background was concerned. He thought, that England had—when France been conquered and in effect joined the other side, as I said—that England was the greatest short sale that he'd seen.

O'BRIEN: Was there any friction that you could see between he and the Foreign Service people in the embassy or the Department?

BUTTERWORTH: My impression is that he didn't like the Foreign Service very much, and, in fact, probably not at all. Also, he didn't like the system of dealing within governments. This was alien to his nature. This wasn't the way he'd operated from his early youth, and he didn't like anything about it.

He was very kind to me, but that arose in a curious way because he came over with a speech, prepared by, I think, a goodly number of people—whom he had probably paid a good deal of money to—that he was going to deliver at the Pilgrims Club, which was the normal occasion that an American ambassador makes his bow to London, to England. He sent for me—one or two people had spoken to him about me in Washington—and asked me to read this speech. I read it, and I thought very little of it. In the first place, its style; it bore the composite touch of several hands. In content, there were certain things that were in it that were contrary to the views of the British government.

For instance, you may recall that our stock market had just been falling and raw material prices had been going down. So, in this speech he talked about this thing as if it were a universal problem, whereas in England they maintained that there was no problem of this nature, that they had a housing boom on the tail of which they were putting a large armament expenditure and this did not add.... There had been debate in the House of Commons and questions and answers.

So, I told him that this wasn't a speech that could properly be given, and he didn't like this at all. He got up from his desk, glared at me, and stuck out his jaw. So I told him that my duty was to answer his questions truthfully and honestly and that what he did about it was his business. Also, if he didn't want me in the embassy in London, I would be glad to leave;

and as a matter of fact I'm quite free, white and twenty-one and sufficiently heeled so that I could leave the Foreign Service or any other service if I wanted to.

We had what Dean Rusk in another connection calls an "eyeball-to-eyeball" look. Then he gave me the speech and said, "Well, prove those points to me." So I went back and got out some files and brought them in and showed them to him. He cooled down and he was convinced that this was correct and he gave me the speech to write for him I wrote it and he delivered it, and from then on he treated me with great kindness and consideration, and we had an admirable working relationship.

O'BRIEN: Did you see any other examples of friction or any examples of friction with the system in a sense either the systems of operations within the embassy or his relations with Hull [Cordell Hull] or...

BUTTERWORTH: Well, you know, besides political work I was doing financial work at the time and sending telegrams back directly to the Secretary of the Treasury which did not have to be cleared with anyone. He hated Morgenthau [Henry Morgenthau, Jr.], and Morgenthau feared and hated him, but this never really complicated my relationship to him because I think mainly in most of the financial things we saw eye to eye. He enjoyed having somebody in the embassy who could talk his language, and he was interested in the things I used to get from the city.

I remember once I was scheduled to call up the Secretary of the Treasury on the telephone, which I frequently had to do. In fact, I had no telephone in my house where he called me up. When he picked up the phone you got the trans-Atlantic operator on it and it went right through on a priority basis. He used to call me up in the middle of the night, forgetting that ten o'clock in Washington was three in the morning in London. I was scheduled to call him about once during the day, and so I told the Ambassador I was scheduled or he saw the telegram.

He said, "I think I'd like to talk with him when you finish." So I took the call and at some point transferred it and went into his office. He put his hand over the receiver and he said, "Now, Mrs. Klotz [Henrietta S. Klotz]," who was Morgenthau's right-hand secretary, but who was such a super secretary that when Mr. Morgenthau dictated to Mrs. Klotz, Mrs. Klotz then went into the next office and re-dictated it to somebody else. He said, "I'm going to drive that little so-and-so Klotz right out of the office." He put his hand on top of the receiver. Then he began to bring out a large collection of Kennedy oaths and smut over the telephone to Henry Morgenthau. When he thought that this had driven her out of the office, why, he then resumed his conversation. And knowing Mr. Morgenthau quite well, I can imagine how distasteful he found this. Joe Kennedy knew exactly how distasteful he found it and did it on purpose.

O'BRIEN: Did you get any insight into the relationship of Joe Kennedy and Cordell Hull or Franklin Delano Roosevelt? [Interruption]

BUTTERWORTH: ...about what Joe Kennedy's relations with Cordell Hull were, I can't imagine they were close. I think he disliked Morgenthau

heartily for various reasons, and also think he would have liked to have been Secretary of the Treasury. But I think his appointment to London was a Roosevelt appointment, and he thought of his duties in the embassy as part of Washington, he thought of it in terms of the White House.

O'BRIEN: Did he ever talk to you about the President, about President Roosevelt?

BUTTERWORTH: Yes, but I'm not sufficiently clear in my memory of the things he would say that I would want to comment on that. I think that he thought that Roosevelt was being pulled two ways, that the left New Dealers were his enemies—his, Joe Kennedy's enemies—and that they were trying to prejudice Roosevelt against him. I imagine there's something in this because there were these two sides to Roosevelt. The kinds of things that he used Joe Kennedy to do, others I think would have, say in the creation of the SEC [Securities and Exchange Commission] gone further. And yet I think Roosevelt was very satisfied with what the SEC had done, and there are people who are in the stock market today that ought to be very satisfied about it. This is a moment for testing of the SEC.

They did do Joe Kennedy one very dirty trick. To the best of my knowledge and belief Joe Kennedy was the one that conceived the idea of the then-King and Queen of England [George VI, King of England; Queen Elizabeth the Queen Mother] visiting the United States in 1939. He had a great admiration for the Queen, who is now the Queen Mother. He thought that she was—he used to say, "She's a natural." By that he meant, in Hollywood terminology, that the difficult things that she had to do came absolutely easily to her. If she had to make a public speech, she did it very well, automatically. He prompted this venture, and then he was not allowed to accompany the King and Queen to the United States. My recollection is that he got a message from the President that asked him to stay on in London during this time.

I think he regarded this as a conspiracy by some of the leftish New Dealers, who didn't approve of him, to embarrass him. And I must say I felt embarrassed for him because it's almost unprecedented that a sovereign should go and visit the country of the ambassador and that the ambassador not accompany him.

O'BRIEN: Were his relations with the government and with the royal family good?

BUTTERWORTH: Very good. I mean those are two separate entities. His personal relations with the royal family were very good indeed, and remained so. I can illustrate that by the fact that I remember this because I went myself—he and I went to Christie's auction for, I think, the Red Cross. This was during the war. I bought something to send to my wife [Virginia Butterworth], who had gone with our children back to Massachusetts. He bought a silver tea set that the Queen had sent to the auction as her contribution, this was that type of auction where people gave presents, their belongings, and then Christie's held the auction to raise the money.

The next day he received a note from the Queen, not from the Queen's private secretary, but from the Queen, saying that she was sending him the tray to this tea set, which had not been sent to the auction, and hoped he would accept it. This is over and beyond the call of the politesse.

Now with the government he was on extremely good terms. That is the Chamberlain [Neville Chamberlain] government that was in power when he arrived. He and Chamberlain got along, personally, very well together, as he did with Sir Samuel Hoare, too. In fact, he was in and out of number 10 Downing Street with the greatest of ease. As the telegrams in the State Department will attest, through his contact and some others, we were kept apprised of the situation, and, no doubt as we should have been, were no doubt probably the best-informed embassy in London. I think despite the fact we were not a formal ally as the French were. [Interruption]

O'BRIEN: Does he have presidential ambition?

BUTTERWORTH: I never thought that he did. You know, he was a very realistic man. I never thought that this was consciously or unconsciously guiding his course of action.

O'BRIEN: Well, coming back to the relationship of father and son, did he have a preference in the boys the times that you spent with the family?

BUTTERWORTH: I really couldn't say, I really couldn't say. I think he regarded them all as the individuals they were. I remember occasions when we would have lunch together at the Hotel du Cape at Antibes at Eden Rock, why, Bobby [Robert F. Kennedy] was sort of *enfant terrible*. And Ambassador Kennedy used to say, "Oh, that Bobby!" You know, he would say some outlandish remark. He was a little boy at that time but very daring.

O'BRIEN: You suggested that he was constantly pushing in a sense with questions and....

BUTTERWORTH: Yes, I think he liked.... You know, Joe Kennedy was a man with a great deal of physical and mental energy, and he liked activity. He wasn't just doing this out of a sense of duty like some school marm, he enjoyed it. He wanted to keep people on their toes. As a matter of fact, I think probably part of the reason that he didn't like most people in the Foreign Service and so on was that he didn't like the ordered, quiet way of procedure and life. He wanted activity and vigor and so on. He liked it this way. He was sort of a combination between a tease and a bully, you know, because he was the kind of a fellow who wanted to turn people into flunkies if they were prepared to be flunkies.

I remember I never got down to the embassy before 10 o'clock in the morning, I never have, it isn't a very useful thing to do. In the old days the code clerks didn't come on until about seven or eight o'clock and until they decoded the telegrams—if you had a really

active job was very little for you to do. And one would be out late at night dining and wining and so on.

I remember once I came in, walked up those marble stairs in Grosvenor Square—that is not the present building—the one across the square that we sold to the Canadians. I was walking up because my office was about one office from the Ambassador's on the same floor. He came in at the same time and we started to walk up the stairs. He said, "Here it is 10 o'clock, I've been in, looked at my letters, gone out and done errands, and now I'm coming in and you're just first appearing."

Well, at that time I was negotiating the arrangement, which he later signed, which was the first major strategic stockpile deal. That was the rubber for cotton arrangement. I was being called out at dinner parties and going with white or back tie to the chancery and getting a message and bringing up British government people in doing this. I was the sole negotiator on our side. And so I said, "Mr. Ambassador, if you would like trade union hours kept at this embassy by me, I will be delighted to do so, but they will apply at both ends." Well, he laughed and he said, "Walt, why do you have to be so goddamn ornery?" He liked it, but he also took note of it.

O'BRIEN: Well, after he leaves the embassy and you lose contact with the family, when do you see Jack Kennedy again?

BUTTERWORTH: I never saw him again that I remember until he was President.

O'BRIEN: Let's pass over to the Truman [Harry S. Truman] years. Well, of course, when do you first meet Dean Rusk?

BUTTERWORTH: I first met Dean Rusk when I came back from China and became head of the Far East [Assistant Secretary of State for Eastern Affairs]. And at that time Dean Rusk had recently come from the War Department and was director of the office which dealt with United Nations affairs. There were really, on the political side, five of us who saw a good deal of each other, who were the heads of the four geographic areas plus the United Nations, which abutted on it. And I saw a great deal of him because—well, we had a number of.... At that very moment, as I recall it, we were just about to go to the United Nations and ask them to—since our bilateral negotiations with Russia had come to nothing—get the United Nations to send a commission to Korea to hold an election for Korea as a whole. We got John Foster Dulles to handle the case in the United Nations for us in New York. Of course, that immediately brought me into close and intimate touch with Dean Rusk and other things followed in the natural course.

O'BRIEN: Rusk had a great deal of admiration for General Marshall [George C. Marshall], why is that?

BUTTERWORTH: Well, I don't know of many people who have associated closely with General Marshall who haven't. I share.... I don't know what

Dean Rusk feels about General Marshall; I don't know that I've ever discussed General Marshall with him. But, you see, I was out in China with General Marshall and he brought me back rather against my will to take over the Far Eastern Affairs in the State Department. I have the highest respect and admiration for him. I thought that in his latest book Dean Acheson [Dean G. Acheson] expressed it very well, his appreciation of General Marshall's qualities.

O'BRIEN: What, in particular, in your own feelings with General Marshall would you feel was of particular...

BUTTERWORTH: Well, I thought he had the elements of greatness. Integrity was his watchword, and he was a farsighted man who had a great sense of realism. Although he had a monumental memory, it didn't lead him to talk casually about things. He stored up this knowledge in this memory computer that he had, and thought about things. I never felt that General Marshall talked out loud; I thought that he always was expressing something that he had considered. Now, that didn't mean he wouldn't revise his opinion, but he wasn't talking out loud, as the expression is, which means just off your hat. It had gone through a mental process before he expressed it.

O'BRIEN: Was he likely to communicate these things to people in the Department with him or at least, his really inner thoughts on things that....

BUTTERWORTH: Oh, he was very frank. I mean, if you were dealing with him about a matter of concern, I always found in my dealings with him he expressed his hopes and fears without regard to favor.

O'BRIEN: In the years that followed the first domestic reaction against particularly Marshall and people who were involved in China policy—certainly you were a part of that as well.

BUTTERWORTH: Well, I was, I suppose, the principal assistant to Marshall who carried out his policy. And I accompanied him on all his meetings with Congress, went there on occasion when he didn't go there, and also stayed on, at Acheson's request, for some time so that I was in charge of Far Eastern Affairs for oh, about three years, not quite, I think. It would have been exactly three years, but the last three months of which I was making what might be called the first formal rough draft of the Japanese Peace Treaty.

It so happened that I entirely agreed with Marshall's policies. There's a good deal of talk now about Foreign Service officers signing petitions. I've always conceived that we had two functions. If we were at all in positions where our opinion was sought or could be suitably made known, we expressed our opinion to the Secretary of State who in turn was obligated to do the same, to make the recommendations to the President. And then, whether or not our recommendations found their way in whole or in part in the policy decision, we were then obligated loyally to implement this policy, whatever it was. If you want to be a one

man band and you don't want to play on this kind of a team, then you oughtn't to join the Foreign Service. In fact, you oughtn't to join any foreign service in any country, because this is basic to the operation of the Foreign Service.

But it so happened that about the time China policy, I had been in China with General Marshall. I had seen him in operation with his mediatory mission during the last half of it, and I agreed with the policy wholeheartedly that we should not get militarily involved. General Marshall was a man who never used slang, but when he was talking about China he would come pretty close to it, because he would always say, "Butterworth, we must not get sucked in." "Sucked in" was the verb he always used when attempts were made, and attempts were made, to get us moving down the path of military involvement in the Chinese war.

O'BRIEN: In your association with Rusk in those years, did he essentially agree with this?

BUTTERWORTH: I don't know because I didn't have any dealings with Dean Rusk in China; he wasn't involved in this. The United Nations had no role in the China policy.

O'BRIEN: But did you work with him later when he was Assistant Secretary for the Far East?

BUTTERWORTH: No, he succeeded me. When he succeeded me, for about two months and a half I did a draft of the Japanese peace treaty and the documentation for it and the security agreement. Then I turned this over to John Foster Dulles and I left for Sweden. So I had no dealings with him on this matter.

But I should have thought that Dean Rusk was more of an interventionist than I was. As long as I was in charge of Far Eastern Affairs, we did not give the French any economic or military aid in Indochina, I was unalterably opposed to that. Shortly after I departed from the scene, this policy—I don't know if you'd call it reversed—was eroded. Now, I don't know if this should be blamed on Dean Rusk as a personal eccentricity because you see, the Korean War came and this changed a great many things. I haven't been back in the records, but I would have thought that probably the signs of change were already apparent before the war broke out.

O'BRIEN: It has been suggested that a number of people who were in some way associated with Marshall and associated with, particularly China—faced a certain amount of discrimination in the 1950s during the Eisenhower [Dwight D. Eisenhower] years. Did you feel any or did you see any?

BUTTERWORTH: You see, the people who were really discriminated against, and in a most lamentable way, were the Chinese language officers. They were disgracefully treated. All the older ones, all the key ones, all except the latest collection of neophytes who couldn't have been involved in anything, were

sent out to European posts and to consulates and to embassies, so on and so forth, and never, never got back to even the general area bordering on China.

Tony Freeman [Anthony G. Freeman], who was the brightest and the best China language officer of the last pre-war generation and who retired a year ago as Ambassador to Mexico, having been Ambassador to Columbia. But after I left—he was assistant chief under me of the China division, and Phil Sprouse [Philip D. Sprouse] was chief of it—after I left, he got transferred to Rome for doing the MAAG [Military Assistance Advisory Group]. You know, the military [Interruption] ...out in China with General Marshall and was one of the key people in that sort of headquarters in Peking. He was sent to Brussels as the number two and stayed there for, oh, six or seven years or so, and then was offered the job of inspector.

Finally, he was going to retire and went in to see Dean Rusk to say goodbye to him because he'd worked closely with him when Dean was a Assistant Secretary for Far Eastern Affairs after I'd left, and we went all through the MacArthur [Douglas MacArthur] business and so forth. Then Rusk said to him, "Why are you retiring?" He said, "I'm tired of being inspector." So Dean said, "Well, don't resign. I will arrange for your chief of missionship. So, he made him Ambassador to Cambodia, and that was how it happened. It was just by chance and by Dean Rusk's personal intervention. Well, these people were very badly treated.

Now, I was in quite a different position because I had been charge d'affairs in Spain and had done the preclusive buying and the preemptive buying in Spain before. And *The New Republic* and the *Nation* used to have critical articles about my helping—being a fascist and helping the fascist dictators and so on by buying our strategic materials in Portugal and Spain from Salazar [António de Oliveira Salazar] and Franco [Francisco Franco]. And so I went directly from Spain via India to China when I was assigned there. I arrived there, I think it was in March 1946. And so, I couldn't very well move from fascist to pro-Communist just by crossing the Pacific. I never had any personal attacks made on me, as a number of these China people did who were accused, you know, of being pro-Communist and of being—what do they call them—something agrarians, reform agrarians or something? Of course, I took quite a shellacking in the Eisenhower Administration. I was Ambassador in Sweden for about three years I guess it was, almost four years—and then they asked me to be the number two in London. There were informal noises made that they would find it difficult to get me confirmed in the Senate but there had been no difficulty in being confirmed in the Senate when I went to Sweden. Later on, I was confirmed two or three times after that and never even was asked to make an appearance before the Senate, so this was political hooing; but it so happened I really didn't particularly mind going as number two to London at that time, so I accepted this with silence which was interpreted as grace.

O'BRIEN: Was the major resistance to the appointment of people like Sprouse and Freeman and the Chinese language officers, the presence of a person like Walter Robertson [Walter S. Robertson] in the Far East?

BUTTERWORTH: I think that he would play a part in it. Many of these people he liked very well. He had good personal relations with Phil Sprouse

and so on. Well, the fact that all of these people were assigned to European posts in the main could only have been done with his concurrence because you cannot take key people from one area to another without the assistant secretary for that area being a party to it. So, I think Walter has to be blamed for this. The decline in the morale of the Chinese language officers was very lamentable.

O'BRIEN: Well, in the fifties, let's extend that to the whole Foreign Service. What is the state of morale of the Foreign Service? Are they really impacted as much as has been suggested by some authors—some foreign service officers—as a result of the McCarthy [Joseph R. McCarthy] period and Dulles....

BUTTERWORTH: Oh, I think so. I think that this is true. I think the McCarthy thing did an enormous amount of harm which lingered for a long time and very adversely affected the careers of a number of people. I think it was very exceptional that people such as Tony Freeman and myself happened through good luck or what you will, to survive and flourish in these circumstances.

O'BRIEN: How about the organizational changes that were taking place? I'm thinking mainly of the Wristonization [Henry M. Wriston] that takes place in difficult...

BUTTERWORTH: Well, I always thought that this was really a hypocritical venture, organized by John Foster Dulles to appear to be doing something drastic. Well, you see, they never found all these card-carrying Communists that they were looking for, and so he thought that this would be a good political maneuver. Of course, he conducted his foreign policy by ricocheting off the Senate anyway and this fitted into this pattern. I was opposed to the Wriston Program and I told Mr. Wriston so too when we sat next to each other at some council meeting; and he never liked it at all and kicked up a fuss about it.

It didn't really make much sense because, you see, the State Department faces the rest of the United States Government functionally, and it faces the world geographically by countries.

Now, you cannot take, however bright or capable young Foreign Service officers are, and put them in to deal with the Export-Import Bank for two or three years, because you just won't get what you want out of the Export-Import Bank. You're going to have to have somebody who's been there a dozen or two years who knows just as much as the people in the Export-Import Bank about what they've done in the past and that's why they're going to have to do it in the future.

You couldn't deal with the Department of Agriculture on the basis of a bright young man who's been in the head of the agricultural section of the embassy in Paris or something, and bring him back to deal with those tough cookies. You have to have somebody who knows.

Most of these people—they got them out of these functional jobs. In the first place, they were married to wives who hadn't counted on going into the Foreign Service, many of

them were quite ill-equipped for it socially and linguistically and didn't like it at all. Excuse me. [Interruption]

So these people were then put into the Foreign Service and Foreign Service officers were assigned to take these jobs which should be rightly held by permanent officials. I think it was a great waste.

When I arrived as Ambassador to the European Coal and Steel Community, I didn't have a large staff, but there wasn't a single Foreign Service officer on it. And then the Treaties of Rome were negotiated and we moved the head office to Brussels. Until my number two arrived, I didn't have a single Foreign Service officer on my staff, and I must have had ten or fifteen officers. I even had to teach them which end of a visiting card you turn down, and they were supposed to counsel me.

The fact that it was nonsense, I think, has been well-demonstrated by the fact that, very quietly but persistently, the whole Wriston program has had to be reversed. They have taken the slots out of the foreign service for those key officials that have to face the rest of the government functionally. They're now in the hands of permanent officials and not in the hands of Foreign Service officers. In the fullness of time the great majority of the Wristonites have now retired.

O'BRIEN: Do you see this as causing any influence or loss of influence on the part of State in its...

BUTTERWORTH: Oh, I think so. I think so. I think we felt that the Department did not function as well as it did before. And I don't think it had the same respect of the rest of the government as they did in the days when it had more competent permanent officials dealing with Treasury and Agriculture, all the other government departments. But in a certain sense it provided a wonderful opportunity for a chief of mission who was independent minded enough so that he knew what he wanted to do. In recent years the semi-chaos of the State Department has been such that a strong-minded chief of mission almost matched in independence, if he wished to exert it, the situation when instructions came by boat. It took so long for any reasonable decision to come out of the State Department in its gestation, and especially if it had to be coordinated with other government departments, that you could pretty much make your own policy. Very often I would say, "unless I hear to the contrary, circumstances being what they are I propose to do the following." I can't recall a time when I got a contrary instruction.

O'BRIEN: Well, at the time of the election in 1960, and, of course, realizing that Foreign Service people do not usually become involved in elections, is there a consensus that you feel among the people in the Foreign Service and in the Department in looking towards that election? Did they see a possibility of change, or was there anticipation? The possibility of the election of someone else other than—you know, a Democrat—another Republican, or vice versa?

BUTTERWORTH: Oh, I don't think so. I don't think that's really the way the bureaucracy operates, and furthermore, you see, the Foreign

Service is scattered all over the world. That's one of the reasons that it's in a poor position to exert any influence on Congress, for example, because it is scattered all over and people have their own milieu and their own responsibilities. There's no force pulling them together so that you have a consensus about this, a consensus about that. I think that all of us are accustomed to administrations changing. And people of my vintage—I was appointed by Coolidge [Calvin Coolidge] when I took the Foreign Service examinations. So, the older ones had served under Coolidge or Hoover [Herbert Hoover], or both, under Roosevelt for a long time and under Truman. They quite automatically imagined that there would be a change.

O'BRIEN: Well, did you see any changes?

BUTTERWORTH: And I think everybody expected that Mr. Dewey [Thomas E. Dewey] was going to be elected. They, you know.... Truman's win was really a surprise to everybody except Truman.

[BEGIN SIDE II, TAPE I]

This is the way our democracy works. It probably is a bad thing if you don't get a change in political parties perhaps more frequently than we had in that era of Roosevelt-Truman because when the Republicans did come in, they didn't behave as if they knew how to govern. You may recall that the Republicans in Congress still behaved as if the enemy was in the White House.

O'BRIEN: Did you feel any change in the administration in terms of policy in your ambassadorship in Brussels?

BUTTERWORTH: You mean between Kennedy and Johnson [Lyndon Baines Johnson] or between Eisenhower and Kennedy?

O'BRIEN: Between Eisenhower and Kennedy.

BUTTERWORTH: Well, I think with the coming in of.... In terms of foreign affairs, Dulles, as long as he was alive, to a substantial extent dominated the scene, except that Eisenhower, I think, through his military training and experience, had something of General Marshall's concept about the capabilities of the United States. I'm sure he acted as a restraining influence on Foster Dulles on occasion, just out of this rather sound view of the limits of our capabilities in terms of our self interests. I didn't have any reason to participate in parts of the foreign policy of Foster Dulles but I never agreed with this business of SEATO [Southeast Asia Atlantic Treaty Organization] and these pacts.

Foster Dulles: I knew him quite well, and in many ways I liked him. He was a man with a lot of pride, but he had no vanity. Therefore, if he did conceive that you were trying to be helpful in terms of what he was trying to do, he would listen to you. He wouldn't seek your advice because he really thought he knew it all, but if you sat down in London, as I did

on occasion, when I was charge d'affairs, and wrote a telegram... For instance, I wrote a very critical telegram of his "agonizing reappraisal" statement. Well, the next time he came to London I was still charge d'affairs—it was several weeks later as I recall it—and I met him at the airport. He said, "Walt, you didn't approve of my 'agonizing reappraisal,'" and he wanted to talk about it.

I often accompanied him in his talks with Eden [Anthony Eden]. They disliked each other very much. Foster Dulles, you know, was never listening or trying to understand what Eden had to say. He was playing around with his pencil on a pad and thinking about what he was going to say in rebuttal, as if there was a kind of an ultimate judge that was going to set it all right somewhere, that if he won the case, this.... Whereas, of course, in diplomacy what you have to do is to reach an accommodation; therefore you must listen to what the other man says, try to understand what are the wellsprings of his thoughts and, therefore, try to understand how you can modify it. This was never his procedure, at least on the occasions that I saw him.

But, of course, the great heyday of our postwar diplomacy was the Truman Administration. In the main, except for making these commitments all over the world in the form of treaties, as if this was going to prevent any outbreaks, by and large the Dulles-Eisenhower foreign policy was one of consolidation of the Truman policies.

When Kennedy came in you felt the invigoration of new men, younger men. What was so important was that we had skipped a generation. The credibility gap isn't as important as the generation gap. I don't think governments are automatically believed anyway, and I'm not sure this is a good idea. Healthy skepticism should, in turn, prevail. It's a little harder on the newspaper people because they have to think more and they don't like that.

The generation gap is the important thing. We went from a man who was pushing seventy to someone who was in his early forties. We skipped a whole generation, and this is very important in terms of stability.

I watched this happen in Sweden, you know, the first Social Democratic prime minister was a fellow called Per Albin Hansson and he was prime minister of Sweden for, oh, about twenty-five years or more, at least a quarter of a century. When his successor was chosen just before I arrived in Sweden, they didn't take the heirs presumptive or apparent, they went right down to a fellow in his forties named Tage Erlander [Tage Fritiof Erlander], and he's been prime minister ever since then until this last year when he gave up. And besides being a man of ability, the source of his strength lay partly in his youth.

This, one felt with Kennedy and that's why we had this extraordinary outpouring of the young when he was assassinated. I'm sure that a lot of our campus troubles would not be manifesting themselves if Jack Kennedy had lived.

O'BRIEN: Well, in terms of changes in economic policies or toward Europe, are there any that take place in change from Eisenhower?

BUTTERWORTH: No, both Foster Dulles and General Eisenhower were key backers of the idea of European unity. You know, David Bruce [David K.E. Bruce] was the first ambassador to the Coal and Steel Community. He lived in Paris because he was spending his time trying to lobby the EDC, the European Defense Community through the French Parliament. When that failed and France

turned it down, he resigned and went to the United States. Then there was a hiatus. Then the six countries got together—you may remember—and they decided to go ahead with Euratom [European Atomic Energy Community] and the Common Market [European Economic Community].

Our interest then in the European unity was revived and I was asked by Foster Dulles to come back from London because he wanted someone who was politically minded; he didn't want to send an economist. He wanted to show our political interests. And Eisenhower did, too. Eisenhower was going to issue the communiqué about my appointment when he got his heart attack out in Colorado. So, in order to prevent the thing from delaying too long, I was appointed and sent out without having made a statement.

He was just as keen on both.... I don't think anybody in our administrations has ever been more positive on this policy than both Eisenhower and Dulles were. So, in this respect, I noted no change of policy when the new administration came on. As you know, George Ball [George W. Ball] was one of the Washington lawyers of both the Coals and Steel Community and Euratom and the Common Market, and he became the number two.

I don't know that Dean Rusk has ever had any convictions about this. The center of his interests quite understandably has always been in Southeast Asia because when he left Mills College and went into the army, that's where he went on a staff job, then the Korean War came.

O'BRIEN: In your contacts with some of the nations and the representatives of Euratom and the Coal and Steel Community and the Common Market, how did they react?

BUTTERWORTH: How did they react?

O'BRIEN: Yeah, Nixon [Richard Milhous Nixon] versus Kennedy and the election of Kennedy.

BUTTERWORTH: Well, in the first place they were fascinated by the movies of the debate. I think that these were quite reasonably widely shown. The embassy in Brussels showed them, they were put on television on occasion and so on and so forth. The picture that Kennedy presented was very persuasive to them, I should think, most of them. But I think when you get two untried candidates, it's only someone like Adlai Stevenson [Adlai E. Stevenson] with the gift of lucid and witty speech that really persuades somebody like an Englishman or a Frenchman that he favors him.

Now, if it's between a candidate who's been tried and is in office and a new man, then they would take sides on the basis of their experience, with prudence to the one that's been in office. If you're doing a Nixon and a Kennedy, neither of whom as far as they were concerned were in office—well, because of Nixon had been Vice President—why, I think that they don't take very violent sides in anticipation. But I think that, just as Adlai Stevenson was the exception to this rule because he was so persuasive, and Dewey was so much a self-satisfied sick-in-the-mud, Kennedy got something over.

O'BRIEN: What was the mood of Europe in that year that you were there?

Let's take some specific events: the Bay of Pigs; after that, the meeting of Khrushchev [Nikita Sergeevich Khrushchev]; and third, the apparent directions that we're going in defense policy in terms of more of a flexible response, build-up of conventional weapons, rather than a reliance on victory weapons for massive retaliation?

BUTTERWORTH: Well, I think the Bay of Pigs had the same sort of shocking aspect that it did here. The reaction of sophisticated people was very different, that we shouldn't have embarked upon this venture any more than they had embarked upon a venture with Albania, and you heard a lot about Albania in those days. If they could live with Albania right next to them, why are we so worried about Cuba? And, of course, Russian missiles can easily reach you, all the Europeans live with that. On the other hand, the responsible ones are very anxious that the atomic shield of the United States should not be weakened, and they were sympathetic to our reaction.

I'd left Europe on the Monday after the Cuban crisis weekend, sailed to the United States on Monday. It had been resolved by then. The news came on Sunday, as I recall it.

O'BRIEN: This was the Missile Crisis?

BUTTERWORTH: The Missile Crisis. I think that they regarded Kennedy as young and not as experienced as someone like Eisenhower or Truman, but it was a shock to them that our hand had shaken in this way. The sense of vigor and activity of the new administration, I think, was a comforting thing to them.

It's hard to generalize with any perception and depth because the Europeans, quite naturally, always have their own preoccupation. Let me illustrate this. When the first Sputnik took place, I went to some reception. A rather flat-footed Dutchman was talking to me with several other people around and was saying how sorry he was that the Russians had gone ahead of us, that technically this was a very bad thing. We had their sympathy and he hoped that we would do better, and so on and so forth, in this somewhat lugubrious way. A very bright Frenchman was there and he said, "My friend, there's no use being sorry about the United States: they are going to recover lost ground. What we should be sorry about is not that the Russians put up the first Sputnik and the Americans didn't, but we should be sorry that we didn't even try."

This illustrates to some extent the kind of attitude, because we were trying and because they hadn't tried. Whether it's Sputniks, whether it's the atomic shield, whether it's the dominant strength of NATO [North Atlantic Treaty Organization], they're not prepared to be too critical; or if they are critical, one mustn't take too seriously their criticism because there's always this other element in it: "We didn't even try."

O'BRIEN: Well, then what leads up to your appointment as Ambassador to Canada? You mentioned that you had some very early contacts with regard to this?

BUTTERWORTH: What lead up to my...

O'BRIEN: Right.

BUTTERWORTH: Well, I was [Interruption] Well, it was in July or early August and we, with a Belgian and an English couple, had taken a villa for three weeks on the Italian Riviera. I got a message that George Ball was trying to get in touch with me by telephone. So, after talking with the Italian operator who confessed to me that if I called from there the message would go to Rome and then from Rome up.... It was a very poor way. I went to Monte Carlo to call him on the telephone, and he told me that he and Dean Rusk had talked to the President and that the embassy in Ottawa was vacant. Livey Merchant [Livingston T. Merchant] had resigned and they thought it was desirable to have an ambassador there in a few months. He said the President would like me to take it.

He said they didn't want an immediate answer and if I wanted to stay on, I could. So, though it over and talked with my wife, decided that we'd been for about six years doing this other job. I had some trepidations after the heady wine of multilateral diplomacy, of going back into bilateral diplomacy, because the European communities in those days were moving ahead, rapidly. It was so fascinating, I think really the most fascinating job at that time in Europe. It was so amusing to deal simultaneously with French, German, Italian, Dutch, Belgium, Luxembourg psychology and problems. I used to go to the various capitals and deal with what I used to annoyingly call "the local ambassadors."

I did accept it. So, having wound up my affairs—because there were all sorts of loose ends at that time, I had been there a long time—I sailed, as I told you, at the end of October and came to Washington. I had seen President Kennedy shortly after he took office. I brought President Hallstein [Walter Hallstein] over on an official visit, and I saw him at that time on a couple of occasions, as I recall it.

I saw Joe Kennedy at that time. We went in and I presented Hallstein to the President. Then he said to me, "You know, my father happens to be in town. He spent the night at the White House, and I told him that you were coming to see me today. He said he'd like to see you if you have time." I said, "Oh, I'd like that very much indeed." He picked up the telephone, and pretty soon Joseph Patrick Aloysius Kennedy himself came in looking very debonair and well preserved. We had a nice talk, much to the bewilderment of Hallstein, who's a proper German sunken in the school of legal niceties. He was absolutely amazed that I... He said, "You never told me that you knew the Kennedy family."

So, then I saw him again when I got back from Europe to report to him about the European Community, I saw him again before I left.

O'BRIEN: On that Hallstein meeting, for a moment: what was the purpose of that visit?

BUTTERWORTH: The main purpose was a new President had come into power and Hallstein had.... When I first took the job, René Mayer was coming on his first visit as the successor of Jean Monnet, and I conducted him around Washington. I've forgotten, but I think he came over a couple of

times, and so did the president of Euratom. We had negotiations in Washington about a joint program with the AEC [Atomic Energy Commission]. Hallstein, when he became head of the Common Market, came over, I think this was his second or third visit, but that was the main occasion.

O'BRIEN: There was no really substantial issue?

BUTTERWORTH: There was no crisis at that time; there were problems always. We always had the problem of ensuring in our enthusiasm for the results of unity that we might have to pay too high a price in terms of discrimination. [Interruption]

When the Kennedy Administration came in, I think that it was Dean Rusk—I should doubt whether he had very profound convictions about our policy—that aspect of our policy. He was more interested in NATO. But, of course, when Chester Bowles [Chester B. Bowles] went to India, which was shortly after he became Under Secretary, and George Ball stepped up as the number two, he really carried the ball in terms of our policy in Europe. In fact, as you know, there was a kind of an Anthony and Caesar relationship were they divided the world. Dean Rusk took a great interest, primary interest, in Asia and, I think, a secondary interest in Latin America. George Ball took a primary interest elsewhere.

O'BRIEN: In coming back and seeing the President again for the first time in a good many years, what are your impressions, particularly in terms of changes in him from a young man to a man now in middle age?

BUTTERWORTH: I've been asked this question by others. I have been reluctant to answer it because my impressions of him as a young man were not all that salient and definitive. One immediately recognized the Jack Kennedy that one had known when he was in his teens or in his early twenties. I was very impressed with his vigor and grasp and maturity, but I had been prepared for this by seeing the Nixon-Kennedy debate. I think he exhibited in that a lot of his qualities, and he conducted himself.... One was proud to have him as one's president and to bring someone like Hallstein, because he conducted himself with great charm and yet with perception and intelligence. He had a really good grasp.

I remember when we were drafting a communiqué and Bill Tyler [William R. Tyler, Jr.] and I brought it over to him, he immediately appreciated what had been done and then made a suggestion about rephrasing something so that it would not have any adverse repercussions in Latin America. This showed that he was alive to the consequences of his actions and not just concentrating on the local issue.

Before I went to Canada, as I say, I had two talks with him: one dealing mainly with the European scene and the other one talking before I went to Canada. He was obviously exasperated by Diefenbaker [John G. Diefenbaker] and I asked his advice about it, if he had any advice to give me. He made a very cryptic reply about, "You know what you can do about that S.O.B.!" Those were his words, not mine.

O'BRIEN: Right. But at this point was he aware that Diefenbaker had in his possession that rather controversial briefing paper of Rostow [Walt Whitman Rostow]?

BUTTERWORTH: Oh yes, he knew about this. Diefenbaker had waved this; he had threatened him with it when Livey Merchant was ambassador.

O'BRIEN: And this had happened actually before?

BUTTERWORTH: This had happened before, and this was one of the things, of course, that I discussed with him and with Dean Rusk and so on. Oh, no, Diefenbaker kept this thing secret and only told three or four people, his real cronies within the Cabinet; and one other man knew it, a Canadian official. Of course, the porter, the fellow who changes your ashtrays, was the fellow who found it.

O'BRIEN: Oh.

BUTTERWORTH: When we began to press him to implement his undertakings, then he turned mean and that's when he threatened to publish this, and said this to Livey Merchant. So, if you want this aspect of the story, which I think is important, then you ought to go and see Livey Merchant.

O'BRIEN: Right. I think, in fact I know we have part of it. The one thing we don't have, though, and I'm kind of curious about, is you mentioned in the porter here. I've never seen anything published or unpublished that indicates precisely how the thing got out of the possession of Rostow or Kennedy and into the hands of the porter.

BUTTERWORTH: Well, Livey would perhaps know more about this than I would, but I don't know, not necessarily. My understanding of it is that either Walt Rostow or the President had it in his possession, probably the President. They had a meeting in Mr. Diefenbaker's office in the Parliamentary building, this paper slipped out and either fell onto the couch or onto the floor, and they left the meeting. And when the—I guess he's not a porter but was one of these that they usually call messengers, you know. Every prime minister has one of these fellows who comes around, cleans the ashtrays and takes messages and so on, like these Negro messengers in the State Department. He picked this thing up off the floor and he handed it to a Canadian external affairs official who was attached to Diefenbaker's office. In turn, he handed it to the Prime Minister. Then the Prime Minister swore them to secrecy, told one or two other people, and put it in his safe. It's never been seen since.

O'BRIEN: I understand that the President had written some comments on it, something to the effect that Diefenbaker didn't...

BUTTERWORTH: That is not correct.

O'BRIEN: Oh, it isn't?

BUTTERWORTH: At any rate, the comment which has been published is certainly not correct. "He said something about S.O.B. on it," or something like this; this is not correct. Of course we have copies of the memorandum, and it isn't a very embarrassing memorandum. Rostow uses the word "press" I think.

O'BRIEN: Or "push," as I understand it.

BUTTERWORTH: Push or press, one or the other. It doesn't deal importantly with military matters either, which were the most sensitive ones. But Terence B. Robertson who after Diefenbaker left he reverted to his position in external affairs. He came with Pearson [Lester B. Pearson], he was among the officials who came with Pearson to Hyannis Port.

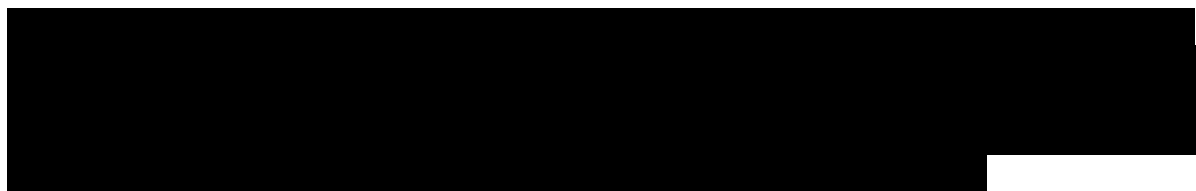
That meeting, as you know, took place in hardly spring, but the very early spring following the President's inauguration. We talked about this because Pearson was now Prime Minister. And one night before dinner in Joe Kennedy's house—we were going to have dinner in his house. The President came over and there was an exchange of gifts, you know, the usual thing. Everybody had a couple of drinks, and the atmosphere was easy. We'd already agreed on the communiqué and they were leaving the next day. Everybody was in a mood that a very successful and constructive visit had taken place. It was a new page being turned in Canadian-American relations. This question came up and the President asked Robertson about it and so on, did he know about it and so on. With some reluctance he, in the presence of both his own new master and the President, confirmed that there was no writing of this nature on it; there was no S.O.B. business in it. He's the one that, I think, said that it was found by the fellow who had come in the room to clean out the ashtrays.

O'BRIEN: Well, you mentioned the defense problems that are there when you assumed the ambassadorship to Canada. Just what is the state of the question of nuclear storage in 1962?

BUTTERWORTH: Well, we reached an agreement, after the Pearson government had taken office, which was signed—a couple agreements—something like July or something like that, in the summer. One of them pertains to the availability to the Canadian forces in NATO in Europe to have

[REDACTED]

So, Canada at that moment in Europe had—I've forgotten how many squadrons, something like six or seven—anyway a lot of planes, modern planes, too. They really did have the largest amateur flying club in the world. Of course, here these things were; they couldn't shoot anything with them. Well, [REDACTED]



O'BRIEN: Well, did you get any insight into the reservations the Diefenbaker government...

BUTTERWORTH: Well, you know, there was very little difference between the general position of the Liberal and Conservative parties. Diefenbaker had made these arrangements with us and then having made them, he did not want to implement them. He did not want to engage in the difficulties that this entailed. This is partly because psychologically he was a man of monumental inaction. This arises, in my view, from the fact that his career had been one as a trial lawyer, criminal lawyer, and then in the opposition in the House of Commons, for many, many, many years. He suddenly came into power, and he had no more idea how to use it than the man in the moon. I don't know that we should use that expression anymore. Men we've had at the moment appear to know how to use the power to get off the moon.

He loved making speeches; he was ready to undertake engagements of one kind or another. He loved living in the house and having an airplane and all the trappings of power, but he didn't like to do the sort of thing that most politicians, prime ministers, and presidents would crawl through a drain to do, which is to exert the power when you have it. He even finally called his general election when there were, well, oh, I don't know, a half a dozen or more appointments to the Canadian Senate which he hadn't even filled. This was patronage because in those days you were Senator for life and you got pay as long as you were on the books. Peterson changed that a little bit.

Party was this complex he had, this impediment—and partly if—there was thought to be a great deal of anti-nuke sentiment in Canada. It's true a number of Canadians sort of equate not having nukes with being allied to the Holy Ghost. There's something very unholy about nukes. By taking the anti-nuke position, you are accordingly holier than you would be otherwise. There is this feeling, and it ran strongly in the Liberal Party as well as the Conservative Party then. There was very little difference in their attitude except one had been the government and made some undertakings and the other was in opposition.

Mike Pearson, over the Christmas holidays, changed his point of view and early in January made a speech which, while not saying that he favored nukes as such—and in fact he went so far as to say that he would work toward relieving Canada of this burden—Canada had to live up to her undertakings. This was good enough for us.

So, this was on the record when Diefenbaker pushed his way into the Nassau meeting between President Kennedy and Prime Minister MacMillan [M. Harold MacMillan]. Neither of them wished him to appear on the scene, but he did and he had lunch with them, as I recall it, on Saturday after the substantive part of the meeting was all over. He didn't participate in any of the meetings. He came back to Canada and interpreted, or rather misinterpreted, what had been undertaken at Nassau. He made a speech in the House of Commons and he divulged certain classified information arising out of these long negotiations we'd been

having with some key people in his cabinet and Air Marshall Miller. He had issued orders so that very few people in the military or in the civilian part of the government knew that even these negotiations were taking place, top secret negotiations.

I'd called a meeting of all our consuls in Canada, consuls-general, and we were holding this meeting at the time this debate was going on in the House of Commons. I questioned our consuls-general as to what would happen if a general election took place in Canada, centered around military matters, and who would win. We went through this district by district, post by post. The sentiment was that the Liberals would win, but not with any great majority.

With that at the back of one's mind, never to be brought out very openly, I recommended that we set the record straight. It was very important that our NATO allies not be misinformed about what went on at Nassau. And it was very important that if the military problem was now going to be a problem—a first-rate controversy between the two parties following Pearson's speech—that the Canadian electorate would have valid information to debate about. The Liberal Party didn't have it and the Conservative Party people were not going to give it to them—and were giving them distorted information.

Unlike England, there's not the kind of cooperation between the opposition and the government about matters of first-rate national interest, so the Liberal Party had been kept entirely in the dark about this matter.

I sent the chief of the political division there down. Fortunately, Bill Tyler who's Assistant Secretary for European Affairs, had participated in the meetings with the consuls; I'd got him to come up. Rufus Smith [Rufus Z. Smith] went down; he's now the number two in Ottawa, by the way, having been in Panama in the State Department, he should be ambassador some time.

I had had the idea that we would make known the substance of our views in the form of a note, an unclassified note which we would send to the Canadians, and then after a day or two, after they had received it, we would tell them that we proposed to publish it and they could feel free to publish any reply. This was regarded, for some reasons that I've never quite understood, as less desirable than embodying our remarks in the form of a press handout, a communiqué. They telephoned me, asked me if I objected to this change in the form and I said no, I didn't, that whichever way we did it, it was going to cause considerable commotion because we were poking on a very sensitive nerve, and this was going to precipitate a great debate if not an election. So they issued it.

One of the ironies of the situation was, as I learned later, that George Ball cleared it from the State Department, this communiqué, without consulting Dean Rusk. I'm not sure whether Rusk was at the United Nations or out of town or this was just part of their division of labor, but he often, and rightly, with the consent of the Secretary, was allowed to do things of this kind.

In turn, he cleared it through the White House up to and through Mac Bundy [McGeorge Bundy]. Mac Bundy apparently did not feel that he had to tell the President about this, so when the storm broke with the communiqué, the President was unaware of it.

When I saw him in Washington, in preparation for the Pearson visit to Hyannisport, he talked about this and, of course, he expressed pleasure at the results, satisfaction, but he said, "Well, goddamn it, I like to know, as President, some of the more important acts that are undertaken in my Administration." So that he was somewhat piqued, I think, at Mac

Bundy for having not cleared it with him. He was compensated by this. I imagine that there was, at first, probably some criticism and many cold feet.

There's an ironic touch to this, that, with the permission of the State Department, I had, while I was still in Brussels, agreed to address the American Bar Association which was meeting in New Orleans, which was where I was born, my native city. The communiqué was issued one evening at about 6 or 7 o'clock and I took the plane to go down to New Orleans where I was to deliver the speech. I must say I thought it was very fortunate business that I didn't have to be in town when the explosion broke, nor was I in Washington.

I had, when I saw this problem developing, written the usual letter to the Chief of Protocol and sent a copy of it to one or two other people in the Canadian Government explaining where I was and what I was doing and what the speech was about: the European communities.

When I arrived in New Orleans, Dean Rusk had already telephoned because everybody was yelling and going on about this—and the President. He said, "I suggest you better go back." I said, "There's nothing to do. I don't want Diefenbaker to have the satisfaction of putting me on the carpet and then going to the press and telling the press what he said to me, which I couldn't answer back without making myself *persona non grata*." I said, "I'm well off where I am. I'll go back in a day or so."

I arranged with the Bar Association for my wife to read the speech which I had fortunately written, which she did. I spent all that day with my father [William Walton Butterworth, Sr.]. I took a plane and arrived in Ottawa at about, oh....

[BEGIN TAPE II]

This disarmament group... Mike Pearson, of course, with his UN predilections and with an inclination towards pacifism and a public stand that he would work his way out of the nuke agreements, having made them.... This was embodied in that initial speech he made. So he welcomed this development. I think you can consult the files. The files are very full upon this point. With the concurrence, if not on the instructions from Washington, I kept him well-informed about not only what we were doing but what we were about to do very often.

O'BRIEN: One other thing, in regard particularly to Defense matters, that comes up in some things the Canadian military say: do you detect any dissatisfaction on the part of the Canadians, and particularly in the military and intelligence areas, on this problem of exchange of information and the dependence on the part of Canada on the United States in terms of intelligence in regard to the world situation? Was this ever kicked back to you?

BUTTERWORTH: Oh, yes sir. Well, you know, the Canadians get, at a number of levels from various branches of government, both military [REDACTED] and through the civilian branches of government, [REDACTED]

Their problem is how they're going to deal with this in an intelligible way. Our problem is, "How do we keep them on their toes from a security point of view?"

Unfortunately, there's no one in the United States that knows the totality of the amount of intelligence that the Canadians receive. I suppose the Ambassador in Ottawa, if he interested himself in this as I did, comes the nearest. There's an awful lot of individual initiative at various levels who mistakenly believe that the Canadians are a kind of an offshoot of the United States and that they're just exactly like us and so on.

We began doing this because I think we found, originally, that the Canadian diplomatic service was so small, and so dependent on information from the British that there were matters that which came to practical heads where it was evident that if we had supplied them with information, they would do or would have done things in a different way. This began as a result of this kind of thought. And the British have, I think.... Their intelligence is less world-wide than it used to be because there are areas where they're no longer as interested as they were and where they don't have the sources that they did.

I think that they are better coordinated than we are in the intelligence field. I've cooperated with the British in this matter, especially during the Pereussi-Bey period in Spain and Portugal. I used to see the emanations of British workings. I financed the British operation, or found the means of financing the British Secret Service operation out of Portugal during the war when they were being restricted on a clearing agreement. So, I know something about that. They have been in the past, at any rate, better equipped in selecting what they give the Canadians without getting caught at it.

O'BRIEN: I see.

BUTTERWORTH: You have to be good at it because it means if you cut it off and then there's a reference to it later on, you're hooked. So we have, in the Embassy in Ottawa, [REDACTED] we have a legal attaché, who's the FBI man, [REDACTED]

[REDACTED]

In fact, on occasion, I've made noises about, "Maybe we should relieve you of the onerous duty of having to go through so much." The reaction was always very quick, too. In fact, I don't think we've used this as a lever as much as we should have, but the trouble with our using levers is that we treat them like sledgehammers instead of like rapiers.

O'BRIEN: Yes. Did the question of OAS [Organization of American States] membership come up while you were there?

BUTTERWORTH: No, it came up when Kennedy appeared before the House of Commons. As I understand it, Rostow wrote the speech. I believe he took the precaution of consulting the then-Canadian ambassador privately and informally and received a rather favorable response from him; and so, he made this speech, which was a mistake. It's one of the troubles that the White House gets in if they have a bright fellow like Rostow, who thinks he knows more than he does, and they don't bother to consult the Canadian desk where they might have somebody who wouldn't get a Phi Beta Kappa key out of the Yale Law School, but who would have goddamn more sense about Canada. This was a mistake, and I think you could safely say that it had the effect of postponing for a long, long time any question of Canada joining the OAS. The mere fact that the President of the United States would urge this in the House of Commons, and, therefore if the Canadian Government did it, they would be doing it under this aegis, just knocked it out of the ballpark

So when I went to Canada, after the Hyannis Port business and so on, I took the view that this question of the OAS should be dropped and that we should make no suggestions whatsoever or show any interest in it whatsoever. It was a mistake to do it, and the next mistake would be to continue to keep it alive. So this was accepted by even those who make a profession of interference, and it was dropped.

Now, this abuts on an aspect of Canadian-American relations which is very often neglected. The Latin American, the pro-OAS people who don't know much about Canada, welcomed this, were advocates of this, because they envisaged that there they would have a Canadian side-by-side with them that would take a common stand with them against all the Latins. Well, this is an illusion which we should have wised up to long ago. We've done this time and time again.

For instance, we've advocated, we'll say in control commissions, that there would be a Canadian, on one hand; and then the Communists would, say, name a Pole; and there would be the Indians, we'll say, which is a case in point. Well, the Canadian would vie with the Indian to be left of center and the Pole would stick up for his side's point of view. We would have no one sticking up for our side's point of view because the Canadians didn't want to be the running dog of the Americans. It hurt their pride, it hurt their feelings, and also it gives them a chance to satisfy the kind of thing little brothers like to engage in.

So, this vision of tidying up the map by getting Canada in—even if to advocate it would be to advance it, which is not so—it was a mistake. If the Canadians joined the OAS, this may be a desirable thing over the long run, but as Keynes [John Maynard Keynes] said, "In the long run, we'll all be dead." For the perceptible future, it will be an adverse development from our point of view, in my opinion.

O'BRIEN: Well, passing over some economic questions. In this relationship of Canada being an exporter primarily of raw materials and an importer primarily of finished goods, is there anything in the short time that you're there, in terms of negotiations on an economic level, in which some understandings or some arrangements or, at least, some attempts to arrive at some understanding or arrangements were made?

BUTTERWORTH: Well, of course, we had the Dillon [C. Douglas Dillon] round, we had the Kennedy round, and then we had the automobile agreement which was conceived by us in the Embassy in Ottawa.

You see, agricultural implements are on the duty-free list, and the automobile companies, except for an assembly plant that was being put in by the Swedes, were entirely American-owned. General Motors is totally owned, Ford is quoted on the Stock Exchange and, I think, Ford Company owns about ninety-odd percent of the shares. Chrysler is, I think, entirely owned. So we had reached a stage there where a number of considerations prevailed.

In the first place, the price disparity between a Canadian car and an American car ran, in many models, as much as a thousand dollars. This created for the Canadian government a lot of adverse reactions, not in Quebec or Ontario where your industrial areas are, but in the middle west, the prairie provinces and British Columbia, and also in Newfoundland and the Maritimes.

Secondly, we had reached the stage where it was very uneconomical for the American automobile people. They no longer got empire preferences that were worthy of the name. Here they were, Ford was making six engines on one side of the bridge and then six engines on the other side of the bridge of Kingston. Now, they're making one engine on one side of the bridge at Kingston and five on the other, or something similar. So, this was a rationalization of American capital, and it helped the Canadian balance of payments a little bit because the automobile parts that they were importing from the United States really loomed too large. Something had to be done about it. By this arrangement, the American automobile companies can afford to run their Canadian factories much more efficiently and use more Canadian materials on one model and let the other models be handled in the United States.

O'BRIEN: Did you get much resistance from the automobile industry on this at the time?

BUTTERWORTH: Ford was immediately favorably disposed to it. Chrysler was *ni l'un ni l'autre* and General Motors was rather opposed but they all came around. Partly, they became more and more attracted with the feasibility of the scheme and began to see their self interest a little bit differently but also partly because they saw in the absence of change they were going to have rough sledding with the Canadian government. Therefore, you see, if you take the amount of raw materials traded in that are duty free on both sides—you take a duty free market in agricultural implements and the duty free market in automobiles—and you take the reductions that the Dillon Kennedy rounds had done—and you'll have a substantial element. The overwhelming majority of our trade is now on a free trade basis or inconsequential little duties, what Alexander Hamilton used to call “duties for revenue.”

Now, this, to me, is the way to approach free trade with Canada. Here again, I don't believe in tidying up things for tidying up's sake so it would look pretty. Everything in America has to be packaged these days. Well, to hell with the packing! Take the substance, that's what really counts. I was always opposed to a frontal attack of advocating free trade with Canada across the board. In the first place, I think it's impractical. Secondly, I think the Canadian nationalism, which is on the rise in Canada, would be antagonistic to it. And, in

this respect, I should have thought in the election of 1911, the past proclaimed the future. We have achieved a large part of our objectives without creating these antagonisms.

O'BRIEN: But now this relationship required at that point a lot of capital in flow to make up the balance into Canada. Kennedy then in '63 begins advocating the interest equalization tax. Before that happened do you make any contacts or prior representations to the Canadian government? As I understand it, they got pretty excited about it.

BUTTERWORTH: Well, the history if the interest equalization tax.... Then, capital flow is a bigger problem. The Canadian government after its devaluation got itself into a favorable balance of payments situation, but they continued to borrow money, as is their habit, in the American market for various reasons, including the fact that the interest rates are lower—they're always about 1 percent lower. All these municipalities and provinces want to borrow, as well as individual industrial enterprises.

They began building up their gold supply. We became disturbed about this. We talked to them in the OECD [Organization for Economic Cooperation and Development] about it, and they refused to give us any undertakings. So, they were borrowing money in the United States and, in effect, taking United States gold and increasing their gold supply at a time when we were under pressure.

It was the pressure, of course, that led us to impose the tax, but Canada had a very poor case for an exemption. When this was contemplated, George Ball asked me to come down to Washington. He talked to me about it, and we went over and saw Doug Dillon, who was Secretary of the Treasury then, and talked about the situation. Because the proposed legislation had to be sent by noon—I believe this is the custom; it has to go up to the House and the Senate at a specific hour, noon—that meant that the markets were going to be open when this legislation came and there was going to be a run on the Canadian dollar. We recognized this.

Now in the backdrop in Canada when the Pearson government came in, Gordon [Walter L. Gordon] had a great influence. Pearson, Mike, is uninterested in economic and financial affairs, although strangely enough he's done quite a few things with them, just as he's reported on the underdevelopment things. He had never been in an underdeveloped country before and couldn't care less. But he was a good person to have as chairman, and his name, the Pearson report, carries certain weight in the underdeveloped world.

He gave Walter Gordon a free hand in his innocence as indeed he has been frankly said to be. You remember Gordon brought in a budget where he was going to discriminate against American subsidiaries in Canada by taxes, by changing the tax, if they did not ensure that 25 percent of their capital went into Canadian hands.

Well, this was not an impractical proposal really: the Canadian money market was not capable of dealing with a problem of this nature. We had a double taxation treaty with Canada, so we asked to discuss this, you know, Canada at that time was putting on a discriminatory tax on automobiles, on American spare parts and so on. I don't know if you're familiar with it. They wouldn't discuss this problem with us. They went ahead with their automobile tax even though we told them that we thought that it would be held to be a

dumping and we would have to put on countervailing duties. This is the genesis of, really, the automobile agreement.

So we decided that in the interest of more serious debate that we would start off the legislation without an exemption for Canada and let them have their flurry. Maybe this would give them a pause for thought as to how two people could play games. This had never been said out loud before and I don't want this to be treated lightly. Then when they had their run on their market and they appealed to us for help, we then exempted them from the past, not future.

O'BRIEN: I see.

BUTTERWORTH: So we gave them a partial exemption. As far as I know that's continued. In the fullness of time Walter Gordon was very dilatory about applying to renegotiate the double taxation treaty.

So we told him that this was something that couldn't be done overnight and that, in any case, double taxation treaties had customarily always lay on the Senate table for considerable time so that all interests would have a chance to make their point of view known. If he put this tax into effect at the proposed rates, we would inevitably then, both renounce this provision, and the tax would then revert to the *de jure* tax which was 30 percent.

So, after much gestation.... And then you see what would happen then is that all the Canadian firms that depend largely on the American market would walk across the line and put their head offices in the United States. When he figured this out—it took him a little time—he then decided that this tax was not needed, and so he changed the budget, changed the law which was to come into effect the first of January. It did come in. Now the position, which was quite satisfactory as far as we were concerned, is that those firms who do follow the 25 percent rule get a tax advantage, that is, 10 percent, but the tax on the firms that do not do this remains the same as it always was, 13 percent. So this is the way that problem was resolved.

[END TAPE II, SIDE I]

[END OF INTERVIEW]

W. Walton Butterworth Oral History Transcript
Name Index

A

Acheson, Dean G., 8

B

Ball, George W., 15, 17, 18, 22, 27
Bowles, Chester B., 18
Bruce, David K.E., 15
Bundy, McGeorge, 23
Butterworth, Virginia, 6, 17, 23
Butterworth, William Walton, Sr., 23

C

Chamberlain, Neville, 6
Coolidge, Calvin, 13
Cudahy, John, 3

D

Dewey, Thomas E., 13, 16
Diefenbaker, John G., 19, 20, 21, 22, 23
Dillon, C. Douglas, 26, 27
Dulles, John Foster, 7, 9, 11, 13, 14, 15

E

Eden, Anthony, 14
Eisenhower, Dwight D., 10, 13, 14, 15, 16
Erlander, Tage Fritiof, 14

F

Franco, Francisco, 10
Freeman, Anthony G., 10, 11

G

George VI, King of England, 5
Gordon, Walter L., 27, 28

H

Hallstein, Walter, 17, 18
Hamilton, Alexander, 27
Hansson, Per Albin, 14
Hoare, Samuel, 6

Hoover, Herbert, 13
Hull, Cordell, 4, 5

J

Johnson, Lyndon Baines, 13

K

Kennedy, John F., 1, 2, 7, 13, 14, 15, 16, 17, 18,
19, 20, 22, 23, 25, 26, 27
Kennedy, Joseph P., Jr., 2
Kennedy, Joseph P., Sr., 1, 2, 3, 4, 5, 6, 7, 17, 20
Kennedy, Robert F., 6
Keynes, John Maynard, 25
Khrushchev, Nikita Sergeyeovich, 16
Klotz, Henrietta S., 4

L

Lindbergh, Charles A., 3

M

MacArthur, Douglas, 10
MacMillan, M. Harold, 22
Marshall, George C., 8, 9, 10, 13
Mayer, René, 18
McCarthy, Joseph R., 11
Merchant, Livingston T., 17, 19
Miller, Air Marshall, 22
Monnet, Jean, 18
Mooney, James D., 3
Morgenthau, Henry, Jr., 4, 5

N

Nixon, Richard Milhous, 15, 16, 18

P

Pearson, Lester B., 20, 21, 22, 23, 27

Q

Queen Elizabeth the Queen Mother, 5, 6

R

Robertson, Terence B., 20
Robertson, Walter S., 11
Roosevelt, Franklin Delano, 2, 5, 13
Rostow, Walt Whitman, 19, 20, 25
Rusk, Dean, 4, 7, 8, 9, 10, 15, 17, 18, 19, 22, 23

S

Salazar, António de Oliveira, 10
Smith, Rufus Z., 22
Sprouse, Philip D., 10, 11
Stevenson, Adlai E., 15, 16

T

Truman, Harry S., 7, 13, 14, 16
Tyler, William R., Jr., 18, 22

W

Wriston, Henry M., 11, 12