Truman, Mr. Acheson, Mr. Stevenson, and Mr. Dulles all came out vigorously for foreign aid. That was hardly news. They all spoke at their best and they all received thunderous applause. The most powerful Congressional leaders, not yet sold on the foreign-aid program, were all invited and sat in silence at the speakers' table. To what extent the redoubtable Clarence Cannon (D., Missouri), chairman of the House Appropriations Committee, was swayed by the eloquence of his fellow Missourian Mr. Truman is still a dark mystery. The silent presence of Representative John Taber (R., New York) graced the evening gathering at which the President spoke.

But the day in, day out job of carrying foreign aid through Congress must be Dillon's. He has the assistance of a small but devoted personal staff. He knows what he wants, and what he wants is known to everyone. Perhaps his greatest strength comes from his capacity for straight talk. He provided an example of that characteristic trait in Philadelphia, on January 8. Speaking before the eleventh annual Forecasting Conference of the U.S. Chamber of Commerce, he blasted the idea that private investment abroad could readily take the place of U.S. government assistance to underdeveloped areas.

Total new U.S. private investment abroad in 1956 amounted to about $2.75 billion, of which the less developed countries of Asia and Africa received only $342 million—about one dollar in eight. The remaining seven dollars were invested in Canada, western Europe, or Latin America, all highly developed or semi-developed regions. Furthermore, the great bulk of the $342 million was concentrated in the oil-producing countries of the Middle East, leaving very little for the rest of Asia and Africa. "The fact must be faced," Dillon said, "that private capital has not yet proved willing or able to do the job in the areas of greatest need where the combat for men's minds and souls, the combat between freedom and tyranny, is today at its fiercest."

No congressman, it is to be hoped, can consider Mr. Dillon an enemy of private capital.

New Opportunities For Yankee Traders

KEN MILLER

Getting ready for the European Common Market is fast becoming a favorite occupation for a sizable segment of American business. Fifteen per cent of total United States exports are sold to the six nations involved (France, West Germany, Italy, The Netherlands, Belgium, and Luxembourg), and well over a thousand U.S.-controlled firms operate within the larger area that may ultimately be affected. The magazine *Export Trade and Shipper* calls recent developments "... a greater awakening of interest in international business opportunities than has been shown at any previous time."

Of course, the great awakening among American businessmen has not yet managed to rouse many congressmen, few of whom seem to be ardent supporters of the administration's efforts to bring the nation's tariff machinery up to date so that American traders can deal effectively with the emerging European bloc.

And it would be a mistake to exaggerate the extent of the awakening in the business community itself. Even after the Common Market treaty was signed last year, a spokesman for the big General Motors subsidiary in Germany was able to tell a reporter that his employers had "not given a thought" to the Common Market, mainly because it would not become fully effective until 1970 or 1973—"and that's too long to tell yet."

The American Management Association, too, recalls how poorly attended were its meetings and periodic seminars on foreign operations. Indeed, enrollment in some was so low that they were canceled. Now, says an A.M.A. official, "We can't pack them all in."

Promise and Peril

The earlier attitude of wait-and-see or vague benevolence has been replaced by a fuller realization that Europe's single-market aspirations hold both promise and peril for Yankee traders.

It holds promise because a mass market larger than that of the United States offers a fine opportunity for American investors to transplant high-volume, efficient production methods. Furthermore, a more rapidly industrializing Europe is also sure to develop new needs that the United States can fill to the benefit of both. Americans generally applaud the expected industrial renaissance, with its hope of economic growth, increased prosperity, and higher living standards. They see these as the best barrier against collectivism, and as an important means of strengthening Europe's position both politically and economically, and of cementing West Germany more firmly to the NATO alliance. These are the very goals that the U.S. government has backed to the extent of $50 billion in postwar aid to western Europe.

The peril comes because under the rules of the European Economic Community (EEC is the abbreviation) the Europeans will be able to exchange their wares duty-free among themselves while continuing to find shelter behind tariff fences and even build some new ones against non-European goods. The total effect seems destined to increase the present discrimination suffered by U.S. dollar goods abroad in consequence of the renewed dollar shortage and special dollar-import restrictions in many countries. European protectionism might get worse if a U.S. depression dragged down the trade and money balances of our partners abroad, or if one member was always in trouble and needed special assistance.

"You've got to pay a price for things you want," argues a diplomat who has been following the treaty's development. "Anyway, we've been assured that the damage to our commercial interests won't be all that great if things go right." So, on balance, the U.S. government has been a reasonably enthusiastic partisan of the plan all along.

Donald F. Heatherington of the National Foreign Trade Council, a recognized authority, is convinced that the unified market, whether confined to the present six nations (approaching a population of 170 million right now) or extended to a dozen under the parallel British-inspired Free Trade Area plan (now more than 240 million), will have a marked impact on all American commercial relations overseas.

Not only will our exports to Europe be affected, he emphasizes, but also our trade with Latin America, Asia, and Africa, as the Europeans' broader-based operations allow them to become more competitive in those markets and as the world balance of payments shifts under pressure of European expansion.

Our Growing Stake Abroad

Mr. Heatherington's remarks take on a lot more dollars-and-cents impact after a quick glance at America's present stake in overseas business, which is enormous and increasing daily. It shows that traditional export-import figures no longer suffice to describe the "internationalization" taking place in the nation's business patterns.

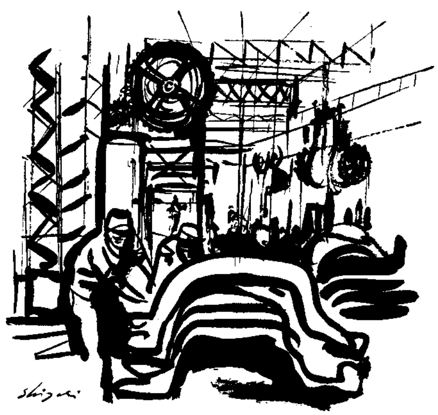
As 1958 began, American companies possessed more than $37 billion worth of holdings in foreign lands, an increase of about $4.5 billion over the previous year. The editor of McGraw-Hill's *Management Digest* estimates that annual sales of goods manufactured outside the country by these U.S.-controlled firms run to a staggering $35 billion, give or take a few billion.

Dividends from these direct American investments overseas account for "upwards of 17 per cent of all dividend payments in the United States," he adds.

Some well-known domestic companies, in fact, now derive a major part of their income from overseas. Gillette and National Cash Register move nearly forty per cent of their sales through subsidiaries abroad. H. J. Heinz earned an amazing seventy-one per cent of its 1956 consolidated net income in foreign markets. Chesebrough-Pond's, Inc. ("She's Lovely, She's Engaged," etc.) reportedly took about half its net from the same source that year, while in Europe alone, mammoth International Business Machines employs more than sixteen thousand persons in six plants, four laboratories, and 158 sales offices. An IBM subsidiary, World Trade Corporation, turned over $6 million in cash dividends to the parent company last year.

On top of private industry's overseas activities, the inventory must include a record $19.6 billion last year for exports, plus $13.2 billion in foreign imports. On this basis, a recent Guaranty Trust Company *Survey* points out that seven per cent of America's labor force, or about 4.5 million workers, earns a living from foreign trade. (The bank itself is no exception; it just moved its London branch into a new five-story office to cope with the flow of business overseas.)

The most comprehensive view yet available of American business reaction to the Common Market was offered last month at a special conference staged in New York by the American Management Association. The crowded three-day session imposed strict schoolroom hours on more than four hundred of the nation's leading executives (who paid



$75 or $90 for the privilege). They heard, among other things, the prediction that new private direct American capital investments in all of western Europe will easily surpass last year's $500 million, up $140 million over 1956, as corporation boards increasingly realize that the best place from which to "sell" the Common Market or the Free Trade Area will be Europe itself.

To cite a few examples, the Chemstrand Corporation has invested $10 million in a Northern Ireland synthetic-fiber plant that will start production later this year, and it also is helping to form a fiber-producing company in Italy. American Machine & Foundry recently paid $1.5 million for control of another Italian firm. Just since last summer, Reynolds Metals has arranged to go into aluminum fabricating in England, Germany, and Ireland. Other firms announcing new European ties over the past six months include North American Aviation's atomics division, B. F. Goodrich Chemicals, Olin Mathieson Chemical, and American Cyanamid.

Along with the inviting opportunities opening up to big business will come, of course, some of the attendant problems of bigness fought out in this country years ago and not yet completely settled.

Mergers are growing popular throughout western Europe and in Britain, as witness last year's marriage between giant Courtaulds and British Celanese to form the world's largest producer of man-made fibers. Medium-sized business isn't ruled out of the new Europe by any means, or from doing some merging itself, but the greatest advantage will go to the candidates from this side of the ocean having a clearly superior product backed by a big organization that can afford the mass production, distribution, servicing, and promotion required for maximum results in the pooled area. J. Wilner Sundelson, facilities and operations planning manager for Ford International, figures that it would take an outlay of $400 million for an American firm, starting from scratch, to get into competitive automobile production in Europe today. The rewards, he thinks, would be proportionately great. Sundelson thinks that by 1970 Europeans will be buying twice as many cars as they do now.

The European Boom

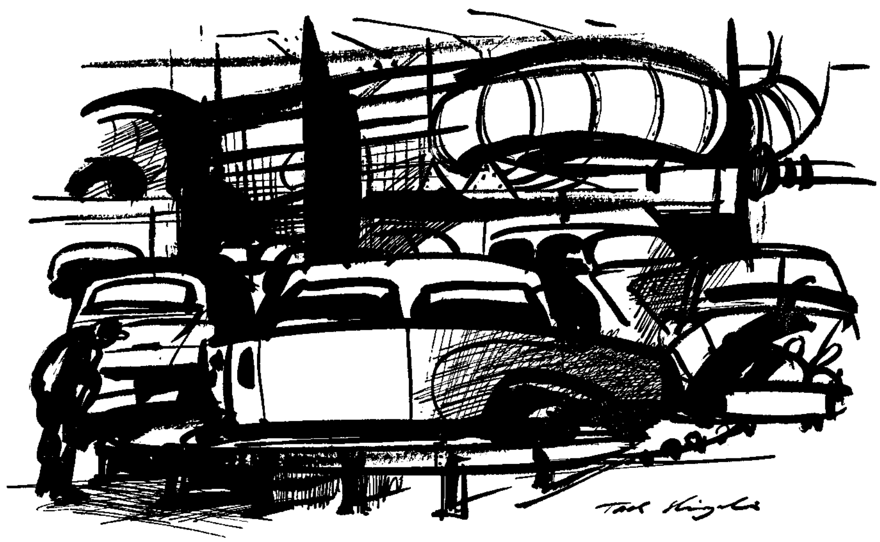
One strong attraction of the EEC is that the new European economy is growing faster than America's. In the last five years, industrial output shot up thirty-seven per cent, against sixteen per cent for the United States, while buying of durable goods like autos and radios increased by nearly sixty per cent per capita. This exceptional rate of expansion will not continue forever; factories are running close to peak capacity now, the labor supply is tightening, and the work week is getting shorter. The Organization for European Economic Cooperation estimates that for the five years 1956-1960, factory production, barring catastrophe, will move up twenty-five per cent, slower than previously but still enough to ensure Europe's continued expansion. The pace for the decade, in any case, will have been exceeded only by the United States during the 1920's.

The best explanation for Europe's spurt is that it is devoting more of its output to industrial investment than the United States, while its general economy is at a much earlier stage of development. Its productivity is only about half the U.S. rate, and therefore there is more relative leeway to catch up. Also, prior experience with many United States techniques enables Europe to progress by "borrowing" our years of intermediate development and omitting its own. Mass-produced automobiles are one example, modern packaging is another, and a third are self-service stores, now blossoming faster in Switzerland and Sweden than they did even in the early days over here.

The hypnotic effect of such statistics and the repeated titillation of the profit nerve by some speakers ("one and one-half times more customers than in the U.S. if the Free Trade plan comes through"; "Nowhere else outside North America will you find millions of people within fifteen years with $300 extra per capita income to spend") excited a few of the otherwise hardheaded participants in the A.M.A. conference into verbal extravagance. Europe was referred to as a "supermarket," and the Common Market as a "slow-motion gold rush." A prominent Midwestern executive possessively labeled Europe "our particular cup of tea," while to another enthusiast it was "a new economic frontier for a new generation of entrepreneurs." The Europeans who were present shuddered but bore up manfully.

Europe Is Not a Colony

Only one topic scraped any raw skin, and that was the impression given by speakers and audience alike,



especially at question time, that great streams of American dollar investments are about to engulf the Old World. So much emphasis was laid on the topic that the ranking foreigner present, Robert Marjolin, who is France's leading economic technician and is now serving as first vice-president of the EEC Executive Commission, felt it necessary to administer a delicate warning. It was delivered only after an anxious corner conference with a State Department observer, who presumably was in agreement.

The gist of Marjolin's gentle lecture was that American investments should be spread around to avoid bringing too large a segment of any given industry under foreign control, though he didn't say whether this should be accomplished voluntarily or by a European watchdog committee. He added that dollars should be associated with European capital whenever possible in the new ventures. "Put yourself in the place of the Europeans and you'll come to the right conclusions," M. Marjolin advised.

At present M. Marjolin's stricture could conceivably apply to only two European industries, one being the automotive industry, where Americans own two of the six largest European companies. General Motors and Ford both have major plants in Germany and the United Kingdom, plus assembly plants in the Low Countries. Ford, with total overseas assets representing more than $750 million, has just completed a $50-million expansion program at Cologne, and is financing another of $200 million out of profits at its Dagenham, England, works. Chrysler maintains a truck plant in Britain and an assembly plant at Antwerp, and is currently studying the possibility of further overseas expansion.

The other strong American influence is in oil, where only Royal Dutch-Shell and British Petroleum offer impressive competition to the Americans.

MARJOLIN's suggestion about joint financing uncovers an interesting split on how businessmen feel about the desirability of associating European capital in new ventures.

Ford executive Jack Sundelson announced flatly that his firm would refuse any further overseas operation without one hundred per cent ownership; "otherwise we're prepared to stay out entirely and sign technical agreements." He claimed that General Motors feels the same way. A Chrysler export representative differed sharply, declaring that a joint ownership system not only assuages nationalistic sensibilities but also secures further gains from the participation of experienced local management. His statement certainly reflects the way his superiors in Detroit are thinking in their efforts to make Chrysler competitive in the world's automobile markets; it is the only one of the U.S. "Big Three" that does not have substantial foreign production.

John D. Fennebresque, vice-president of the California-based Food

Machinery & Chemical Corporation, agreed that political trends abroad were swinging against American financial domination, and predicted that many U.S. firms would actually prefer European collaboration to going it alone. The argument is worth following, for the way American corporation leaders think on this score may well determine the sort of welcome they get when they step off the boat.

Let's Look at the Treaty

That boat ride, incidentally, may give them their first spell of leisure to browse through the treaty itself, a document comprising 248 Articles and three Annexes containing nine Lists, thirteen Protocols, two Conventions, and nine Declarations. It weighed two and a half pounds in its original form.

By the end of this year, the pact specifies, each of the six participating nations is required to carry out a ten per cent cut in its tariffs on imports from its partners. Similar reductions will follow roughly every eighteen months until the levies on most of this intramural trade are reduced to zero. The procedure will obviously make Community-produced articles cheaper than those coming from nonmembers like the United States, since these imports will still be subject to duties.

The partners are to start readjusting external tariffs in a little over three years, and this will produce another kind of headache for certain U.S. exporters. The plan is to level off the divergent tariff hedges progressively until there is a single average scale on imports from nonmembers for all six nations.

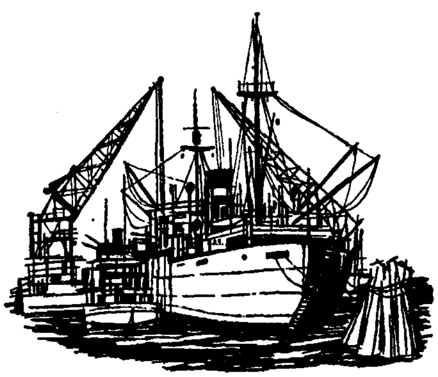
Achieving an average entails, naturally, raising some barriers and lowering others. Unfortunately, the United States, which in 1956 shipped more than $2.6 billion worth of its goods to all six members of the EEC, normally sends two-thirds of these exports to low-tariff Belgium, Holland, Luxembourg, and West Germany, whose rates will tend to rise under the new program. Conversely, trade with France and Italy, which now charge high duties, will be substantially more attractive.

Here's the story of a specific product, hosiery machinery. In 1954-1955, the United States exported $17.5 million worth to the six partners. More than two-thirds went to Germany and the Benelux nations, which all charge a six per cent ad valorem duty. Less than one-third went to France (duty twenty per cent) and Italy (duty thirty per cent). After the transitional period ends, American producers will be offering the equipment to all six over a new common tariff wall—15.5 per cent ad valorem. Competitors inside the fence, meantime, will enjoy free entry into their partners' markets. This is not an extreme case.

The United States government already has lost its power to negotiate trade questions directly with individual governments of the six EEC nations, according to George W. Ball, a Washington attorney who is one of the nation's authorities on Common Market legal problems. The reason is that such matters now affect common commercial policy of the six members, and their rule book says that policy questions now fall within the jurisdiction of the European Commission, which is empowered to negotiate on behalf of all of them.

There is one reassuring point, however: the Community's averaged-out external tariffs are calculated as maximum rates. They can therefore be lowered, with the right inducement.

This very important consideration, which could mean salvation later on for hard-pressed American export



firms, was spelled out before the influential A.M.A. executives by M. Marjolin. The Frenchman's shrewdly aimed message bears repeating, since it received little publicity at the time.

"Our attitude to American trade will be liberal and not protectionist," the Common Market spokesman promised. Then he quoted his authority, Article 18 of the treaty:

"Member States hereby declare their willingness to contribute to the development of international commerce and the reduction of barriers to trade by entering into reciprocal and mutually advantageous arrangements directed to the reduction of customs duties below the general level which they could claim as the result of the establishment of a customs union between themselves."

The visitor, who had built himself a solid international reputation in seven years as secretary-general of the seventeen-nation OEEC, leaned forward and raised his normally mild voice.

"This is a very important declaration that the way is open to the gradual reduction of our external tariffs, provided, of course, that other countries are ready to meet the Community halfway," he declared. "We are ready to negotiate with the United States and other countries on the basis of mutual concessions. I don't need to go any further."

The Trials of Reciprocity

Indeed he didn't. His statement amounted to a united European appeal—with a veiled "or else" twist that European countries hitherto could not attempt singly—for a liberal extension of the Reciprocal Trade Agreements Act, now before Congress for renewal. President Eisenhower's request for a minimum five-year renewal, with authority to negotiate reciprocal tariff cuts of up to five per cent a year, is stirring the fiercest protectionist battle in years. Ironically, the debate comes at a time when a large segment of American industry is beginning to realize that its own best protection lies in broadening and liberalizing the law.

Yet the *Wall Street Journal* predicts the President's demand "doesn't stand a chance. He'll get a shorter extension with less tariff cutting power. . . ."

If M. Marjolin saw any paradox in the spectacle of Europe being encouraged to rip down its trade barriers while we brawl over renewal of Mr. Eisenhower's extremely modest tariff-trimming powers, he kept politely quiet. It was left to Dr. Howard S. Piquet, senior specialist in international trade and economics of the Library of Congress, to give, although privately, the most plausible explanation of Congress's attitude: "The Congress just doesn't seem to have an awareness of the Common Market yet."

He emphasized repeatedly that without effective machinery to negotiate new trade agreements, the government will be helpless to protect American interests. "Our power to negotiate is the only one we have," he said.

Some American manufacturers risk being frozen out of Europe in any case, it seems. Dr. Piquet concluded that unless we can negotiate concessions from the new Europe, its preferential tariffs will fall most heavily on manufactured goods, automobiles, aircraft, office machines, chemicals, and certain machinery. These account for about a third of the value of normal U.S. exports to the Community nations. Goods needed to feed the Continent's own industries, like cotton, coal, scrap iron, copper, tobacco, and some steel-mill products, will be unaffected by EEC, he feels. They make up forty per cent of the export total.

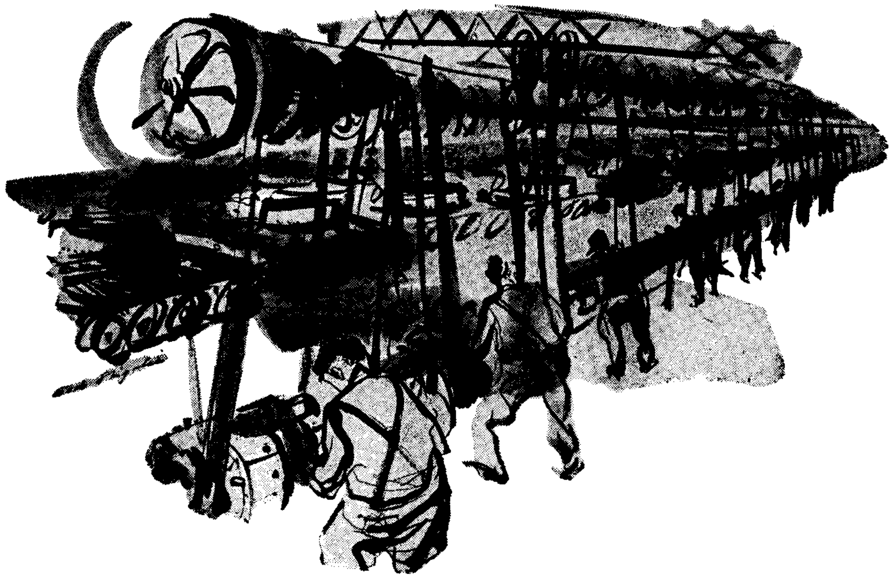
Dr. Piquet agrees with Dr. Francis McIntyre, who heads the economic research department of California Texas Oil Company, that some American exports will fall in the short run, while the need for capital goods will pick up. But for the long haul, they feel that the decline will be balanced when the changed structure of European industry creates a demand for other U.S. goods. A stronger economy will also increase Europe's capacity to earn dollars so that it can buy more here.

Ten Commandments for Traders

The A.M.A. conference produced a good many helpful hints for American businessmen who want to get their share of the European market. They may be informally capsulized in these "Don'ts":

¶ Don't delay your decision too long on entering Europe. If you wait, your competitors won't. Once real changes start, say after five years, momentum may push integration faster than scheduled, and you'll be left behind to tell it to the stockholders.

¶ Don't base long-term decisions for plant sites or markets on present short-view conditions. Europe will be unrecognizable in a decade, barring a depression. Example: Germany may seem like a good bet now, with low wages and few strikes. But the treaty is supposed to equalize many labor costs with France's (i.e., upwards), and German unions are growing impatient to share benefits of Germany's miraculous recovery.



¶ Don't judge the Common Market on purely economic grounds. It is also a façade for a political mystique called "United Europe." One European has said, "That's why we can surmount difficulties which appear insoluble in economic terms."

¶ Don't expect to find a U.S.-style market. Vanishing tariffs alone won't erase formidable barriers like language, regional preferences, different ways of life. Lack of standardization (measurement, safety margins, specifications, even screw threads and electric plugs) will linger for decades.

¶ Don't be shocked to find cartels. This is Europe's version of a competitive economy, and "good cartels" are permitted under the treaty. Antitrust laws are likely to be neither tight nor extensive; certain segments of German and French industry are busy recartelizing right now.

¶ Don't forget that European quotas are still a hurdle for many exports from the dollar zone. They may continue to be, since the treaty expresses hardly more than a hope for relief. Only about half of the region's dollar imports are quota-free now, versus ninety per cent of intra-European trade.

¶ Don't forget to keep in mind the next targets for unification. Zealots like Jean Monnet, "Mr. Europe," want common financial, fiscal, and credit policies; a true Europe-wide capital market; and perhaps eventually a common European currency. They also dream of merging the three existing communities—Economic, Coal and Steel, and Euratom. The momentum of the "European" movement may force governments to go along on some points.

¶ Don't disregard the potentialities of the Free Trade zone that Britain is trying to hook onto EEC to avoid economic isolation. Many insiders expect it to begin skeleton operations sometime next year, even if all the small print hasn't been written in. If it goes through, don't overlook Britain as a possible factory site. The five hundred-odd U.S. or Anglo-U.S. firms there will probably gain tariff-free entry to Continental markets and simultaneously preserve preferential access to the British Commonwealth. (Of course, the prospect of this double advantage annoys the Continentals.)

¶ Don't eliminate Africa and South America from future expansion plans; they are good spots to cultivate while European countries are expending their energies and capital in their own back yards.

¶ Don't be aggressively over-American. Shake hands twenty times a day if need be. Take a long lunch hour. Use the language; even if you're lousy at it, your effort flatters your companions.

Mattei the Condottiere

CLAIRE STERLING

ROME

ENRICO MATTEI has been fighting his own war against the world's biggest oil companies for thirteen years. It used to be a limited one, largely confined to the Italian mainland. But now Mattei has carried it to Egypt, Iran, Pakistan, Yugoslavia, Spain, France, Somaliland, Libya, Tunisia, and Morocco, and has said recently that he plans to go still further. He has announced, in fact, that he intends to expand Italy's oil interests "wherever and whenever" the occasion arises; and there is a very good chance that he will.

These forays abroad should be none of Mattei's business. As head of an Italian government authority called ENI (Ente Nazionale Idrocarburi), he is supposed officially to be exploring Italy's own subsoil for any petroleum that might add to its slender fuel resources. But Mattei has none of the bureaucrat's reverence for the letter of the law. Having looked for oil in Italy and not found very much, he has simply decided to look elsewhere. "Crude oil," he says, "must be searched for wherever there is the greatest possibility of finding it under economically advantageous conditions."

Inasmuch as this happens also to be the viewpoint of companies like Standard Oil, Gulf, British Petroleum, and Royal Dutch-Shell, Mattei has found the field fully occupied. He has, however, devised a wonderful way of making an entrance.

EARLY last year, he persuaded the Shah of Iran to give him three highly promising concessions, covering an area of 8,800 square miles, on terms that shocked the international consortium there (BP, Royal Dutch-Shell, Standard of New Jersey and of California, Gulf, Socony, and Texas, together with nine American independents and the Compagnie Française des Pétroles), but delighted the Shah. The fifty-fifty royalties split traditional in the Middle East was formally maintained. But Mattei guaranteed an additional fifty-fifty split in profits to the Iranians by undertaking to bring their government into equal partnership with him if he found oil. He also agreed to pay all the costs of exploration, with the Iranian government repaying half the investment only when and if he found the oil.

This agreement wasn't the first of its kind, since Mattei himself had made one very much like it with Nasser a few months earlier. But only a trickle of oil has yet been found in Egypt, whereas Iran produced thirty-five million tons last year. The Egyptian deal, therefore, was only a dress rehearsal for a sensational debut in Iran.

The violation of the fifty-fifty principle wasn't really new. New Jersey Standard's subsidiary in Venezuela, Creole Petroleum, holds to the fifty-fifty principle, but the inclusion of the American independent companies brings the average arrangement up to 56-44. Furthermore, the oil companies, taken together, have actually been paying a much higher percentage than that in the form of huge entrance bonuses for new concessions—a system that brought $700 million into the Venezuelan treasury in the high-mark period of 1956-1957, and is also very much in use throughout the Middle East. Mattei paid no such bonus in Iran. He was asked for one at the beginning: $35 million, he says, as against a reported 40-million bid from the consortium for the same concessions. But the Shah soon dropped the question. What Mattei had to offer was evidently more tempting than cash.

The alluring aspect of Mattei's deal was the prospect of equal partnership, which no oil-producing Middle Eastern state has ever had before. That alone would be enough to alarm the consortium members. An arrangement that went beyond the fifty-fifty royalties split and included equal participation in profits was a most serious menace not only to their holdings in Iran—ten times the size of Mattei's—but to all their other holdings in the Arab States, where nationalism is running high and where the Big Seven's combined profits yielded enough to pay $216.7 million in royalties to Iran last year.

Gentleman's Agreement

Had it been possible to keep Mattei in a kind of Iranian quarantine, the consortium might not have been so concerned. But the ink was hardly dry on his Teheran contract when he was off traveling around the Mediterranean with copies of it in his briefcase. He may have missed some potential oil-producing country en route, but the news of his Iranian contract didn't. It was evident, therefore—and still is—that Mattei's move might change the *status quo* in the Middle East as drastically as Standard Oil and other American companies themselves changed it in December, 1950, when they accepted the fifty-fifty principle in Saudi Arabia while the British were paying far lower royalties to Iraq.

Inasmuch as the British had been done in the eye by the Americans in Iraq and also in Iran a little later, they were not by any means as hostile as their American colleagues toward Mattei during this crisis. Indeed, they seemed to take a certain quiet satisfaction in his behavior, as they have on other occasions before and since. They were even prepared to offer him a compromise, in the form of a five per cent membership in the consortium. There is reason to believe that he might have accepted the offer if it had been made soon enough. He himself says that he hinted as much to U.S. Ambassador James Zellerbach in Rome. "I told him the Americans were annoying me in Teheran, but that we might still find a way to get together." The ambassador didn't take the hint, however; and by the time the British got around to making the proposal, it was too late.

No doubt Mattei turned the compromise down partly through pique.