

ECONOMIC COOPERATION ADMINISTRATION
Office of Information
800 Connecticut Avenue, N.W.
Washington 25, D.C.

January 3, 1949

QUESTIONS AND ANSWERS ON THE MARSHALL PLAN- No. 4

Question: How does the Economic Cooperation Administration purchase the goods which it sends to Europe?

Answer: ECA does NOT purchase goods. As defined by the Foreign Assistance Act of 1948, the role of ECA is primarily that of a financing agency, to be compared with an investment bank, making dollars available for the economic recovery of Western Europe and China. When recovery projects receive final approval by ECA, the agency makes dollar grants or loans to the participating countries and the goods then are ordered by the countries or individuals within those areas through private export-import channels of trade. A limited number of purchases are handled by the purchasing missions of the Marshall Plan nations or through procurement agencies of the U.S. Government. All purchases originate within the countries where the goods are to be used and ECA makes no decision as to which American exporters are to get the business or which brands of goods are to be ordered. Normal competitive processes of free enterprise prevail throughout.

Question: Has ECA spent all of its first year's appropriation ahead of schedule? Why is it asking Congress for a quarterly appropriation plus its regular appropriation for the next fiscal year?

Answer: Ordinarily, U.S. Government appropriations are made on the basis of the fiscal year, July 1 to June 30. However, the Foreign Assistance Act when passed April 3, 1948 authorized funds for ECA for a period of a year beginning with that date. Later the Foreign Aid Appropriation Act substituted FIFTEEN months for a year, but with the proviso that the money could be spent in twelve months if it seemed desirable. On October 29, 1948 ECA Administrator Hoffman recommended the use of the full amount in twelve months and its use was so authorized by the President. In submitting its request for 1949-50 funds to the new Congress, ECA will ask to be put on a fiscal year basis, July 1 to June 30. A "quarterly" fund will be needed to cover the interval between April 3, when 1948-49 funds run out, and July 1 when the new appropriations, based on the fiscal year, become available.