

Brief Chronology and Highlights of the History of U.S. Foreign Assistance Activities

2002

In the first major Presidential address concerning foreign assistance since the Kennedy Administration, President George W. Bush announced the "New Compact for Development;" at the Inter-American Development Bank. During the speech, President Bush said that combating poverty is a moral imperative and that he has made it a U.S. foreign policy priority. To meet this challenge, the President has proposed increased accountability for rich and poor nations alike, linking greater contributions by developed nations to greater responsibility by developing nations. The President announced that the United States will increase its core development assistance by 50% over the next 3 years, resulting in a \$5 billion annual increase over current levels. These additional funds will go to a new Millennium Challenge Account that will fund initiatives to help developing nations improve their economies and standards of living.

1999

The organizational changes directed by the Foreign Affairs Reform and Restructuring Act of 1998 were implemented through amendments to E.O. 12163 (dealing with the administration of foreign assistance) and State Department Delegation of Authority No. 145.

1998

The Foreign Affairs Reform and Restructuring Act of 1998 is enacted as part of P.L. 105-277. The Act abolished the Arms Control and Disarmament Agency and the U.S. Information Agency, with their functions being consolidated into the Department of State. IDCA was also abolished. USAID became a statutory agency, with the Administrator reporting to and under the direct authority and foreign policy guidance of the Secretary of State. Reorganization Plan No. 2 of 1979 was repealed.

1994

The Clinton Administration's effort to rewrite the FAA was introduced in the House of Representatives in February 1994. The bill would have authorized assistance according to the major purpose for which the assistance was to be provided (e.g., promoting peace, sustainable development, etc.) rather than by the traditional functional accounts. The bill also provided enhanced flexibility in the administration of foreign assistance. The bill was never seriously considered.

1992

The FREEDOM Support Act was enacted into law to authorize assistance for the new independent states of the former Soviet Union. Assistance has an objective similar to that for East and Central Europe--fostering the transition of these new states to market-based democracies.

1991

The Congress considered major changes to the FAA requested by the Bush Administration. In many ways consistent with the thrust of the Hamilton-Gilman report, the administration's proposals would have consolidated development assistance into fewer accounts and would have provided enhanced flexibility in the administration of foreign assistance programs. Much of the administration's request was included in the International Cooperation Act of 1991. The conference report, however, was defeated on the House floor.

1989

The Support for East European Democracy (SEED) Act was enacted authorizing assistance for Poland and Hungary. Subsequently, the Act was amended to include all former Soviet-satellite countries in East and Central Europe. The purpose of assistance was to foster the transition of the countries of the region to market-based democracies.

1989

The House Foreign Affairs Committee issues its so-called "Hamilton-Gilman" task force report. Among its recommendations are: enactment of a new international cooperation act to replace the FAA, identification of 4 principal objectives (economic growth, environmental sustainability, poverty alleviation, and democratic and economic pluralism) to replace the functional accounts, and provisions that would provide greater flexibility in the implementation of assistance programs. The House, that year, passed H.R. 2655 as a substitute for the FAA. However, the act contained so many conditions, limitations, and restrictions that were at cross-purposes with the major recommendations of the task force report that the Administration could not support the final product. The bill was never enacted into law.

1985

The International Security and Development Cooperation Act of 1985 is enacted into law. To date, this is the last general foreign assistance authorization enacted. While specific foreign assistance authorization bills will be enacted into law, see below for the SEED Act and the FREEDOM Support Act, the 1985 act that is the last bill authorizing all economic and military assistance programs enacted into law.

1979

President Carter establishes the International Development Cooperation Agency (IDCA) by Reorganization Plan No. 2 of 1979 and Executive Order 12163. The IDCA that is established in 1979 does not have nearly the authority that the Humphrey bill envisaged for it. Essentially, it has responsibility for overseeing USAID, and participating in decisionmaking regarding those international organizations that have a development purpose, and development aspects of the multilateral development banks. Beginning in 1981, the Reagan Administration provided no funding or staff for IDCA.

1978

The International Development Cooperation Act of 1978 was introduced on behalf of the late Senator Hubert Humphrey. The bill would have abolished USAID, and placed authority for most bilateral and multilateral economic assistance programs in a new International Development Cooperation Agency. The bill's sweeping changes were not enacted into law.

1973

The Foreign Assistance Act of 1973 is enacted making substantial changes to the Foreign Assistance Act. The amendments to the FAA made by the 1973 Act codify a "New Directions" approach to foreign economic assistance. Development assistance is, by statute, now to be focused on several major sectors: food and nutrition, population planning and health, and education and human resources development. The FAA has retained, essentially, this "functional account" structure to the present date.

1961

John F. Kennedy's first State of the Union Address calls for the establishment of a new, more effective program with greater flexibility for short-term emergencies, more commitment to long-term development; new attention to education at all levels; greater emphasis on recipient nations' role through public administration, taxes, and social justice; orderly planning for national and regional development.

Secretary George Ball's task-force for the reorganization of foreign assistance delivers "Growth to Freedom" memorandum to the President entitled "Plans for the Reorganization of Foreign Assistance, the Decade of Development." The memorandum outlines the deficiencies of the foreign aid programs and conceptual requirements for a new program. In March, President Kennedy sends to Congress a message outlining changes in the foreign assistance programs.

A bill entitled "Act for International Development" is introduced in the U.S. Senate by Senator William Fulbright. The bill passes Congress on September 4. In November,

President Kennedy establishes by executive order the U.S. Agency for International Development as the executor of U.S. foreign assistance programs.

1960

U.S. Senate Foreign Relations Committee sponsors another Brookings Institution report entitled "The Formulation and Administration of U.S. Foreign Policy," which recommends a foreign assistance department with Cabinet-level status.

Foreign assistance policy becomes an issue in the Kennedy - Nixon presidential race.

The Mutual Security Act of 1960 passes; Senator Fulbright includes section 604, calling for investigation and findings on the existing structure of foreign assistance, and asks the president to look into the idea of a Point IV Youth Corps.

Act of Bogota enacted; becomes the basis for the Alliance for Progress and highlights the concept of self-help in development assistance.

The President's Bureau of the Budget (predecessor to the Office of Management and Budget) produces a report known as the "604 Study," which partially answers the requirements of the Mutual Security Act of 1960 and provided a detailed description of the existing foreign aid programs and suggested three sets of alternative organizational arrangements.

A Ford Foundation paper, "A Suggested Regional Approach to the Administration of U.S. Assistance to Underdeveloped Countries," suggests the consolidation of foreign assistance within the Department of State with an undersecretary responsible for the program the decentralization of foreign assistance to regional units and field missions to adapt aid to distinctive needs, country-by-country.

The "Orbit Paper" produced with the ICA recommends an independent department with cabinet status and the consolidation of the Development Loan Fund, the Export-Import Bank, the ICA, along with greater authority over the Food for Peace program. It calls for a single, strong field organization and planning on a regional (as opposed to a functional or procedural) basis.

1959

The Draper Committee Report, "Economic Assistance Programs and Activities," recommends a unified economic/technical assistance agency outside the Department of State; long-range planning on a country-by-country basis; more decentralization to the field; and foreign policy direction and coordination of military, economic and agricultural activities by the Department of State.

Stanford Research Institute suggests founding an Office of Research and Development for Underdeveloped Areas.

Dean Harlan Cleveland of the Maxwell Graduate School of Syracuse University, future assistant secretary of State under President Kennedy, writes "Operational Aspects of U.S. Foreign Policy," which suggests strengthening the role of Ambassadors and including the ICA in the U.S. Foreign Service.

1955

The International Cooperation Agency (ICA) replaces the Foreign Operations Administration. The ICA is less powerful from its beginning because of being placed under the direct authority of the Department of State. The ICA lost many of the authorities and programs its predecessor agencies had held.

1954

The Mutual Security Act was passed to revise and consolidate all previous foreign assistance legislation. It was the first single piece of legislation to underlay the entire foreign assistance program.

1953

The Foreign Operations Administration replaces the Mutual Security Administration and the Technical Cooperation Administration.

1951

Mutual Security Act of 1951 passed by U.S. Congress. The ECA was abolished and replaced with the Mutual Security Agency (MSA).

1948

The U.S. Congress enacts the Foreign Assistance Act of 1948 authorizing the 4-year Marshall Plan and the establishment of the Economic Cooperation Agency (ECA).

1947

The Truman Administration wins approval of the U.S. Congress for military and economic assistance to Greece and Turkey.

Secretary of State George C. Marshall proposes the outlines of what became known as the Marshall Plan at a speech at Harvard University.