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THE REORGANIZATION OF FOREIGN AID OF 1961

Part I

THE FOREIGN AID MESSAGE OF MARCH 22,

PRELUDE TO REORGANIZATION

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# THE REORGANIZATION OF FOREIGN AID OF 1961

## Part I

### THE FOREIGN AID MESSAGE OF MARCH 22,

#### PRELUDE TO REORGANIZATION

1960 was a Presidential election year. Moreover, since it was certain that someone new would be occupying the White House the following January, be he Republican or Democrat, greater uncertainties than normal pervaded public affairs. A new administration would bring with it new policies, and the pronouncements of parties and the speeches of candidates were studied carefully for clues they might contain to the "new look" for 1961. Foreign aid was clearly one of the topics upon which the two parties and candidates had taken stands. As the summer passed, one thing beyond sin and taxes seemed inevitable: once again, foreign aid would be subjected to a new and critical look, both in the political and administrative arenas. Rethinking and reorganization of the entire program was in the air. The new President would have to develop a set of proposals on foreign aid to lay before the Congress, as well as to take appropriate executive action. In framing these plans, he would need help, and there were many persons and groups both within and outside the government desirous of contributing to or influencing the outcome.

#### History of Foreign Aid

The situation was similar to those encountered many times in the past. Ever since foreign aid in any of its forms--economic, social, military, or political--technical assistance, grants, surpluses, or loans--was first identified as a distinctive element of American foreign policy, each administration has felt called upon to make extensive organizational and policy changes deeply affecting it. The latter half of the Roosevelt administration chalked up three firsts in foreign aid. In 1939 the Interdepartmental

Committee on Scientific and Cultural Cooperation was established by the President, with the Department of State representative as chairman, to facilitate the landing of government specialists to Latin American countries for temporary duty. More than 25 bureaus and agencies participated, with the annual budget reaching almost four million dollars before the committee was abolished and its work transferred to the Technical Cooperation Administration in 1950. The first program with a substantial staff and permanent director was set up by executive order in 1940, when the President appointed Nelson Rockefeller as head of the Office for Coordination of Commercial and Cultural Relations between the American Republics--succeeded in 1941 by the Office of the Coordinator of Inter-American Affairs, in 1945 by the Office of Inter-American Affairs, and in 1946 by the Institute of Inter-American Affairs (IIAA), which was placed in the Department of State. Most of the work of IIAA and its predecessors was concentrated in developing cooperative programs with Latin American countries in public health, agriculture, and education, and an average of eight million dollars annually was expended for this purpose during the first eight years of the program, 30 per cent for United States personnel and 70 per cent IIAA contributions to host country program funds for established permanent offices or missions in various Latin American countries. It outlasted the Interdepartmental Committee, being transferred to the Foreign Operations Administration in 1953, although its work had been coordinated to some degree with the Technical Cooperation Administration for the previous three years. Both the Interdepartmental Committee and IIAA were created as the result of requests from Latin American countries for assistance and of increasing recognition by the United States of its responsibility to help further development in the countries to the South. Humanitarian and self-interest motives underlay these activities.

With the onset of World War II, the Roosevelt administration was increasingly concerned with events in Europe and, after December 7, 1941, with its allies. For four years, 1941-1945, the provisions of the Lend-Lease Act

provided assistance to many countries around the world. The cessation of hostilities brought an end to the war, and the first Truman administration was faced with a war-torn Europe and all the problems of reconstruction. Temporary bilateral loans and the assistance extended by the United Nations Relief and Rehabilitation Administration were inadequate for the urgent and desperate needs of European nations to get back on their economic feet. Thus in 1947, the first of several important foreign policy departures under President Truman occurred with the establishment of the Greek-Turkish Aid Program. It was both economic and military in conception, and established a pattern that has been followed ever since. The same year, Secretary of State George C. Marshall outlined a plan which has since borne his name for long-range economic assistance to Europe, based upon plans the European countries were to develop. Consultations and negotiations in Europe ensued, and in 1948 the Marshall Plan for European Recovery Program as it was also known became a reality with the passage of the Economic Cooperation Act. Paul Hoffman was placed in charge of the new Economic Cooperation Administration, an independent agency, and proceeded to give it vigorous leadership. In fiscal 1949, over 5.6 billion dollars were extended to Europe in economic aid, and 3.3 and 2.2 billion the following two years. Again, continuing missions were sent abroad to help administer the program, staffed largely by RCA employees, not staff assigned by other agencies.

World War II also deeply involved the United States in the Far East. After V-J day reconstruction was an urgent problem in many countries, but the events in China held the center of the stage. The nationalist-communist struggle had erupted into a bloody war. In an attempt to bolster up non-communist China, extensive quantities of military and economic aid were extended; between 1945 and 1949, over 2.2 billion dollars were allocated. The China Aid Act of 1948 provided for both economic and military assistance; Paul Hoffman's RCA was ultimately assigned to administer it and subsequent legislation. With a helpful interpretation of a broadened law and great

imagination, Hoffman pushed to create a general program against the threat of Chinese communism in the Far East, with aid and assistance provided to several of the countries surrounding China. Missions were sent abroad to launch the new activities. The Mutual Defense Assistance Act of 1949 and the outbreak of the Korean War gave a heavy military emphasis to foreign aid for several years.

Meanwhile, rising expectations were increasingly affecting much of the world. Several Asian countries had just received their independence, the problems of the Middle East were pressing, and Africa was beginning to show signs of awakening. President Truman, fresh from his election triumph, inserted into his 1949 inaugural address a section that became famous as "Point Four." Noting that "more than half the people of the world are living in conditions approaching misery," that "for the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people," and that "the United States is preeminent among nations in the development of industrial and scientific techniques," he declared:

I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And, in cooperation with other nations, we should foster capital investment in areas needing development.

This section of the address was received with great enthusiasm around the world; in the United States, many groups began to ask how they, too, could help. But the fourth point in the address was written without any program having been worked out in advance, and it was not until 1950 that Congress finally passed implementing legislation, the Act for International Development, and appropriated a modest 37.5 million dollars for carrying it out. Annual authorizations were required. Technical assistance rather than economic aid was to be emphasized. After some hesitation, the Department of State created the Technical Cooperation Administration to serve as the center for administering the program, and selected Dr. Henry G. Bennett, President of Oklahoma A and M, as administrator. However, TCA was a rather

weak agency, relying mainly upon the voluntary cooperation of the several regular agencies of the government (United States Department of Agriculture, Public Health Service, Office of Education, etc.) who were given substantial power to carry out their own programs overseas. An inter-agency coordinating committee helped tie the activities of the several units together.

With ECA operating in Europe and the Far East and TCA in Africa, the Middle East, and South Asia, and, through IIAA, in Latin America, the several foreign aid programs began to appear unduly regionally segmented and lacking in coordination. In addition, military assistance under the Department of Defense had expanded. Demands for legislative and administrative changes arose, and in 1951 the first partial attempt at coordinating military and economic aid and technical assistance on a world-wide basis was made by the enactment of the Mutual Security Act. The several agencies and their distinctive functional and regional responsibilities remained, except that the name of ECA was changed to the Mutual Security Agency. In addition, an Office of the Director for Mutual Security was created to coordinate and supervise the activities of all groups. W. Averell Harriman was made both director for mutual security and the administrator of MSA, one of the agencies he was presumably to coordinate. MSA emphasized economic aid and included some technical assistance, TCA and IIAA stressed technical assistance, and the Department of Defense administered military assistance. The main underlying motive of the program was clearly mutual security and anti-communism, not international development and helping others, which had been the mainstay of TCA. Some of the spirit of the early TCA days had already subsided.

There was little time for the effects of the new legislation and organization to be felt before a new administration took office. The "waste," "confusion," and "duplication" in foreign aid had been widely criticized. One of the early recommendations made to President Eisenhower by some of his advisers was that closer integration of foreign aid was clearly needed, in the interests of clear-cut policy, simplicity, efficiency, and economy.

Through a reorganization plan and through subsequent action, NSA, FOA, and IIAA were abolished and their activities transferred to the Foreign Operations Administration, an independent agency outside the Department of State, and headed by Harold E. Stassen. Military assistance was to remain in the Department of Defense, but the head of FOA was given broad authority to direct and supervise it. State was given authority to coordinate the program with American foreign policy. FOA thus consolidated economic aid and technical assistance in a single agency on a world-wide basis. FOA's pattern of reliance on other government agencies was dropped in favor of the direct hire policies of ECA-NSA. And the Republicans, convinced that a thorough housecleaning of personnel was needed before the program could be effective, released ("Stassenated") many of the employees, replacing them with men of their own choice.

Foreign aid was not left in this pattern for long, and the next year Congress passed the Mutual Security Act of 1954 which, as amended, was to become the basic legislation for the program for the next seven years. At last a single piece of legislation underlay the center of the program, although in many respects it represented more a collection of former provisions than a basic reorientation of the program. In accordance with the act, the International Cooperation Administration (ICA) replaced the FOA in 1955. It proved to have a far longer life than any of its predecessors except the Interdepartmental Committee and IIAA, lasting until November 3, 1961.

Even in conception, ICA was a far less powerful agency than FOA, and as the result of further legislation and administrative practice became even less so. First, ICA was placed in the Department of State. Second, it had no authority relative to military assistance. Third, new areas of aid such as agricultural surpluses arose which it controlled only in part. Fourth, it eventually lost some of its lending activities. Finally, the multilateral forms of assistance took on a somewhat greater scope, both the UN family and certain regional groups such as those affiliated with the Organization of

American States. Some partisans of economic aid and technical assistance advocated that all of it be turned over to multilateral agencies.

While given a semi-autonomous status in the Department of State, ICA became subject to its direction and control, and its director no longer carried the prestige of reporting to the President. Consequently, ICA had no direct representation in the Cabinet, the National Security Council (NSC), the Council on Foreign Economic Policy (CFEP), or the National Advisory Council on International Monetary and Financial Problems (NIC), although on occasion it would be invited to sit in on matters of major concern to it. As befitted its status, it did have representation on many lesser-level committees, such as NSC's Operations Coordinating Board (OCB). Furthermore, ICA was not given the FEA functions of director, supervisor, and coordinator of military assistance. The Department of Defense was strengthened in control of the program, and coordination passed to the Department of State.

The necessity of coordinating the MSA and later the FEA and ICA programs with the foreign economic and political policy of the United States, of coordinating military assistance with economic aid and technical assistance under ICA, and of coordinating foreign aid with multilateral activities and the bilateral programs of other countries, called for some liaison with the Department of State. Even at the time that Harriman had been designated Director of Mutual Security, the Department of State took the initiative in designating a Special Assistant to the Secretary for Mutual Security Affairs for performing coordinating functions. Later, the Special Assistant was transferred to the Under Secretary, and still later to the Deputy Under Secretary for Economic Affairs, C. Douglas Dillon. When Dillon became the Under Secretary, he combined three posts in one, that of general under secretary, that of the ranking officer for economic affairs, and that of Mutual Security Coordinator, with a deputy and staff to assist him in his Mutual Security Program (MSP) responsibilities. In 1959 Congress added yet another element to the MSP organization, by providing that there should be

an Office of the Inspector General and Comptroller for Mutual Security, to provide inspections and evaluations as well as additional financial accountability of the program outside ICA. This office was placed under the jurisdiction of the Under Secretary, also.

The relations between the Under Secretary or his Deputy MSP Coordinator and the aid organizations from time to time depended heavily upon the personalities of the officials. In 1960, with Dillon as Under Secretary, John G. Bell as his MSP deputy, and James W. Riddleberger as ICA director, the personalities interacted so as to strengthen the hands of the former two at the expense of the latter. Riddleberger, 56, a career diplomat (foreign service officer) since 1929, had had previous field experience as ambassador in Europe whereas now the problems were mainly associated with Asia, Africa, and Latin America. Furthermore, he was not, by nature, a strong administrator, and he shied away from making decisions. A vacuum was thus created and into it moved Bell's office, backed by the experience, rank, and prestige of Dillon. Bell, 48, a graduate of George Washington University, had been with the Department of State since 1931 and with the foreign aid program for 12 years. He had served as Director of the United States Operations Mission (USOM--the field organizations of FOA-ICA) in Denmark and later in Pakistan. A Foreign Service Officer, he was an experienced and respected career man, completely devoted to his job, with a quiet and effective manner and a penchant for listening to MN music while at his desk. As Deputy MSP Coordinator, Bell ranked with but after the assistant secretaries.

Thus in 1960, ICA got its orders from Bell's office acting as a staff group in the name of Dillon; and Riddleberger, who had an equivalent rank of deputy under secretary, became a subordinate to Dillon as well as reporting to him for purposes of coordination. These relationships created a severe handicap for the ICA regional people as compared to the regional assistant secretaries in State. Should a matter come up in which both ICA and State regional people were interested, the ICA regional people had to go to the

deputy and then the director of ICA, over to the Deputy MSP Coordinator, and then on to the Under Secretary before their point of view could be presented. The Assistant Secretaries of State could present their views more quickly and effectively by going to Dillon directly. Then, too, ICA and its predecessor organizations had been plagued by a lower quality of personnel in a few key posts from time to time and by a high personnel turnover at the top. By 1960, nine permanent heads had served the program since 1948, plus a number of acting heads.

From its inception, ICA was a large, complex organization with world-wide and multi-functional activities. Its large staff in Washington (1,900 employees in 1960) was distributed chiefly among the centralized technical services (food and agriculture, educational services, public health, etc.) and the region offices with their country desks (see Chart I). While the regional offices were the action units, formulating and implementing ICA programs for each country, the technical services had a concurring or veto role in practice, thus creating a balance between them, although officially they only had the power to review. For the rest, the Washington organization was composed of a series of staff offices (program and planning, management, general counsel, etc.). Some 66 field missions, integral parts of the country teams of the American ambassadors, were located in nearly all countries in the free world outside Europe in 1960. ICA practice was far from that of the Interdepartmental Committee and TCA; it administered most of the program directly, with some 14,400 employees.

A number of agencies outside ICA came to administer portions of foreign aid, even in the economic area. 1954 saw a second major piece of legislation in the field. Known both as the Agricultural Trade Development and Assistance Act and as P.L. 480, it provided for the use of American agricultural surpluses for foreign aid, economic development, and certain other purposes. Title I of the act, by far the most important, provided for sales of surpluses to other countries for local currencies and the use of such currencies

for a variety of purposes, including development loans and other foreign aid purposes. The United States Department of Agriculture was given major responsibility in administering Title I, including determination of surpluses, initiation of proposed sales agreements, and execution of surplus shipments (see Chart 2). State has negotiated the agreements. The principal purpose to which local currencies had been put were economic development loans by ICA and OMF (about 47 per cent on the average), economic development grants by ICA (11 per cent), private enterprise loans by EXIM (7 per cent), common defense (7 per cent), and various United States Government obligations (12 per cent). The Bureau of the Budget has had responsibility for allocating the foreign currencies among the several uses to which they can be put. Other parts of P.L. 480 have provided for the use of surpluses to meet famine or emergency conditions (administered by ICA), donations to private relief agencies (initiative largely ICA's), and dollar sales on a long-term credit basis, added to the law in 1959 (administered by USDA).

Since several agencies were involved in P.L. 480, an Interagency Committee on Agricultural Surplus Disposal, together with a lower-level working Interagency Staff Committee on Agricultural Surplus Disposal, was created to facilitate coordination. Requests for agreements came from host countries, usually after discussion with an appropriate United States field official such as an embassy officer, agricultural attaché, or ICA specialist. They are forwarded to USDA and then reviewed by the Interagency Staff Committee, chaired by Agriculture. With Eisenhower's designation of a Food for Peace Coordinator attached to the White House staff at a somewhat later date, still another element was added to the picture, although his role was largely one of adjudication, persuasion, and publicity, he having no staff. He became chairman of the senior Interagency Committee, however.

As the 1950s progressed, the importance of capital and other development loans greatly heightened in foreign aid. ICA was not alone in extending loans. The Export-Import Bank, established in 1954, was originally confined

to the financing of United States exports, but after World War II it made more and more loans for economic development projects until in dollar volume they constituted a major portion of its activities. In 1957 the Development Loan Fund (DLF) was set up, primarily sharply to increase the extension of loans of a kind that EXIM was not interested in or prepared to underwrite-- many of them soft loans (those repayable in soft currencies). The effect of the DLF program on ICA was greatly to curtail its lending activities, almost eliminating them. EXIM was an independent agency with its own board of directors. DLF was independent of ICA after 1958, but was subject to the powers of the Mutual Security Coordinator of the Department of State, and the same person, in his role as Under Secretary of State for Economic Affairs, was chairman of the DLF board. With the many postwar multilateral, regional, and bilateral lending programs, some coordinating device seemed to be required, and the National Advisory Council on International Monetary and Financial Problems (NAC), created in 1945, was created "to coordinate the policies and operations of the representatives of the United States on the (International Monetary) Fund and the (World) Bank and of all agencies of the Government which make or participate in making foreign loans." Chaired by the Secretary of the Treasury, the NAC was increasingly used as a vehicle by the Treasury for expressing and giving weight to its views on foreign aid (see Chart 3).

Despite the proliferation of agencies in the foreign aid field, ICA was still the major one. Its functions included administering aid for economic, political, and social development purposes in the form of grants, surpluses (partially), technical assistance, and a few loans, plus an investment guarantee program to stimulate the flow of private American capital abroad. Because it ranked largest in dollars expended and in number of employees and in view of its multi-character, ICA was the center of foreign aid programming. It accounted for expenditures between 1.2 and 1.5 billion dollars annually, although this was only a small portion of the total, as the total obligations in foreign aid for 1959 reveal (in millions):

|  |           |                |
|--|-----------|----------------|
| Mutual Security Program -- Total               |           | 64,178.9       |
| Economic                                       |           | \$1,930.4      |
| International Cooperation Administration       | \$1,255.2 |                |
| Development Loan Fund                          | 568.1     |                |
| Other MSP Economic                             | 107.1     |                |
| Military                                       |           | 2,248.5        |
| Non-Mutual Security Program -- Total           |           | 2,827.1        |
| Economic                                       |           | 2,807.0        |
| Public Law 480 (Foreign aid portion)           | 758.3     |                |
| Export-Import Bank long-term loans             | 660.8     |                |
| Contributions to Multilateral Lending Agencies | 1,375.0*  |                |
| Other  | 12.9      |                |
| Military                                       |           | 20.1           |
| <u>Grand Totals</u>                            |           | <u>7,006.1</u> |

\* (unusual; none for 1958 and only about 100 million for 1960)

While USA proved to have a lasting power its predecessors lacked, as foreign aid became more complex and as the cold war grew longer and warmer, investigation after investigation was focussed on the adequacy of the legislation and administration underpinning the American effort abroad. In 1957 two studies were sponsored by the Foreign Relations Committee of the United States Senate, one on "Administrative Aspects of United States Foreign Assistance Programs" by the Brookings Institution, and one on "Agricultural Surplus Disposal and Foreign Aid" by the National Planning Association. The former enumerated several areas for policy action--legislative control, Department of State control, control over loans, role of multilateral assistance, coordinating military and economic assistance, coordinating foreign assistance and foreign economic policy, and the relation of ambassador to field missions. The latter observed that formally the administrative arrangements for disposing of agricultural surpluses abroad were very complicated, but in practice they worked quite well.

Two years later the President's Committee to Study the United States Military Assistance Program--the Draper Committee--issued a report on "Economic Assistance Programs and Activities." Among its recommendations were a unified economic aid and 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 the coordination of economic, military, and informational programs by the Department of State. Program and policy evaluation should be a function of the agency and also of the Department of State. The Office of the Inspector General and Comptroller for Mutual Security, created in 1959, was to carry out the latter function. In an Annex to the report, John H. Oily, 49, graduate of Williams and Harvard, active at responsible levels in programming and research for the foreign aid program since 1951, who became study coordinator of the Technical Assistance Study Group of ICA in November, 1959, proposed a national planning staff apart from any existing agencies with responsibilities to review all aspects of the program. He argued for keeping the current ICA organization, "not only because I believe the present arrangement to be better, but also because a further change in organization at this stage in a history of repeated, shattering, and debilitating reorganizations would be a major error."

Several other studies touched upon the subject at least in passing. In the same year, 1959, the Stanford Research Institute suggested an office of research and development concerned with problems of underdeveloped areas. The Maxwell Graduate School of Syracuse University whose dean, Harlan Cleveland, was to become an assistant secretary of state in the Kennedy administration, issued a study in November, "The Operational Aspects of United States Foreign Policy." Among the recommendations were the strengthening of the hand of the ambassadors in the field, broadening the foreign service to include many members from ICA, a maximum emphasis on multilateral assistance and aid, strong policy planning by the Secretary of State, and a change in attitude in that "foreign operations must now be seen as a governmentwide function, not the exclusive or even primary function of one Cabinet department." As the new year dawned, an exceedingly lengthy report by the Brookings Institution, "The Formulation and Administration of United States Foreign

... Committee was unusual. Among its recommendations were the strengthening of the White House staff in the area of foreign policy, the strengthening of foreign economic policy, and the utilization of foreign economic activities in a single department of cabinet rank, one of three departments under a senior foreign affairs secretary.

Pre-Election Coalition

The burdens of the foreign aid program were more than just complexity and size, more than continual reorganization and policy changes interrupted only an increasing number of investigations and reports. Criticism of the program was widespread, and given the fact that 1960 was a Presidential election year, there was added point to the barbs being cast at the 86th Congress gathered for its last session. The contending sides were determined to make the most of their foreign aid record in Congress for favorable election results in the fall. Also, there was anticipation of a new administration and the changes in foreign aid that it might bring.

Charge of waste and inefficiency, of poor administration, and of unqualified personnel filled the air, both within and outside the halls of Congress. The more prominent examples of Americans abroad in The Ugly Americans were widely believed to be typical. Lack of coordination, lack of information, and failure to follow Congressional mandates were also among the charges leveled against the program. In the House, the Foreign Affairs Committee reported "a number of instances of waste" in the program, although progress was being made toward attaining its major objectives." While improvement in the program in general had been made, the Office of the Inspector General and Comptroller for Mutual Security had so far shown disappointing results. The report called for criticism of the lack of vigorous action on the part of the administration in carrying on the Point Four youth corps (peace corps) idea, and the committee urged that a study be made of the potentialities of technically qualified young people serving overseas on a volunteer basis. When the mutual security authorization bill reached

the floor, and Congressman after another rose to defend the program but usually professed his doubts about existing inadequacies. An opponent of foreign aid, Congressman H. H. Gross of Iowa, took the floor to observe, "Yesterday I listened to practically all the debate, and I was amazed by the number of those who apologized for the waste and inefficiency in this program. In fact, I heard the greatest array of apologists for a bill that I have heard in my twelve years around here." (Congressional Record, page 8509.) In the Senate, a great friend of the program, the powerful chairman of the Senate Foreign Relations Committee, William Fulbright of Arkansas, examined James W. Riddleberger, Director of ICA, "Tell me, Mr. Riddleberger, how do you explain these constantly recurring allegations that appear in the press and in books about waste and mismanagement in the ICA. . . . The principal criticism of the ICA has been concerned with administration and the competence of ICA people to represent us abroad, has it not?" Riddleberger simply replied, "I certainly have that impression from reading the press." ("Mutual Security Act of 1960," Eighty-Sixth Congress, Second Session, Hearings on S. 3958, Foreign Relations Committee, pp. 165-166.)

Before the Mutual Security Act of 1960 became law, the mounting dissatisfaction with the program led Senator Fulbright to introduce an amendment calling upon the President to have a new study made. As finally enacted, Section 604 provided:

The President shall have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture, with a view to providing the most effective means for the formulation and implementation of United States foreign economic policies. The President shall include in his presentation to the Congress of the fiscal year 1962 mutual security program his findings and recommendations resulting from such a study.

The requests were thus made--one for a survey, and the other for findings and recommendations. In explaining its support for this amendment, the conference committee cited the various departments and agencies engaged in programs in

this field, and the several grants, loans, and sales devices that were used. "There is increasing concern that they are not sufficiently coordinated or integrated to provide the unity of purpose necessary to achieve their common objectives. . . . It is the expectation of the committee of conference that the study will result in a larger measure of coordination and integration within the executive branch in the formulation and implementation of our foreign policy." (Congressional Record, p. 10173.)

A second study was also requested of the President. He was asked to arrange for a non-governmental study of the advisability of establishing a Joint Four Fourth Corps. In the House Congressman Henry S. Reuss from Wisconsin and in the Senate Hubert Humphrey from Minnesota were especially interested in this idea.

The authorization act was completed before the summer, but Congress had to return in August after the Presidential nominating conventions to complete work on the appropriation for foreign aid. Senators John F. Kennedy of Massachusetts and Lyndon Johnson of Texas, the Democratic nominees, pushed for the restoration of cuts in the appropriations tentatively made by various units of Congress, and a special plea by President Eisenhower warned that the cuts would "jeopardize the security of the country." Despite these combined forces, more than a half billion was cut from administration requests. As passed, the Mutual Security Appropriation included the following items (in millions):

|                                    |            |
|------------------------------------|------------|
| Military assistance                | \$1,800.0  |
| Defense support                    | 675.0      |
| Contingency fund                   | 250.0      |
| Special assistance                 | 231.5      |
| Technical cooperation - ICA        | 150.0      |
| Administrative expenses            | 46.0       |
| Development Loan Fund              | 550.0      |
| Technical cooperation-multilateral | 34.3       |
| United Nations                     | 29.8       |
| Other                              | 14.75      |
| Grand Total                        | \$3,781.35 |

Kennedy and Johnson also joined in supporting the new Act of Bogotá, just negotiated by the Eisenhower administration with the Latin American countries, and for which Congress authorized appropriations of half a billion dollars. Thus the basis was laid for the Alliance for Progress, with the concept of self-help as a condition of aid, to become so important an element in President Kennedy's plans. But because the program envisaged was largely multilateral, ICA was to have little to do with it.

The aspirants for the Presidency were active in making statements about foreign aid throughout the year. Senator Kennedy of Massachusetts in a debate with Senator Humphrey during the West Virginia primary campaign spoke out, "I think that it would be to the advantage of both the United States and the countries involved, if more and more foreign aid could be put in the form of loans. . . (and) not so much emphasis on the disposition of surplus military equipment." (New York Times, May 5, 1960, p. 26:4.) On June 14 he rose in the Senate to make a major foreign policy address. Turning to foreign aid, he said:

We must. . . greatly increase the flow of capital to the under-developed areas of Asia, Africa, the Middle East, and Latin America, . . . enabling emerging nations to achieve economic as well as political independence. . . . And we must undertake this effort in a spirit of generosity motivated by a desire to help our fellow citizens of the world, not as narrow bankers or self-seeking politicians. Our present foreign aid programs have neglected the great, visionary, partnership principles of the Marshall Plan and Point Four--they have been subordinated to narrow, expedient and temporary ends. Money has been poured into military assistance programs, and in many cases has been wasted, at the expense of vitally necessary economic development. The next President will have to devise an entirely revamped foreign aid program which will make the long-term commitments essential to successful planning--a program whose administration will not be hampered by waste and mismanagement, or by unsympathetic and unqualified administrators. And part of this program must be a new and expanded effort to use our food surpluses to feed the world's hungry, storing these surpluses in "food banks" abroad. (Congressional Record, Vol. 106, p. 12524.)

Shortly after Congress adjourned in September, Kennedy spoke out again on underdeveloped countries. He argued that the next President should encourage the United Nations to have regional development plans formulated which could help coordinate and stimulate "the flow to those areas of long-term public and private capital, surplus food, and technical assistance."

One of the major themes of Senator Kennedy during the campaign was that United States prestige was slipping around the world. One reason for this deplorable fact, he asserted, was the poor way in which the foreign aid program was being handled. During the second Nixon-Kennedy debate on October 7, Kennedy renewed his charge and went on to criticize the stress placed on military aid under the Eisenhower administration, arguing that long-term loans for development were the most effective form of foreign aid. "I would strengthen the Development Loan Fund." On food programs overseas, Kennedy recommended a more positive approach. Rather than reluctantly dumping our surpluses abroad, food should become "an instrument of foreign policy to raise consumption standards and to assist in the economic development of underdeveloped nations."

Then, on the night of November 2 in a major campaign address in San Francisco, Kennedy addressed himself to foreign aid once again:

But the harsh facts of the matter are that in three vital areas we have been ill-staffed and ill-represented in the struggle for peace --in our disarmament planning--in our diplomatic and foreign service --and in our technical assistance to underdeveloped countries. In all three areas we have failed to realize that times have changed since World War II. . . . The enemy advances now by nonmilitary methods.

Turning to the urgent need for better personnel in technical assistance activities abroad, he remarked:

Many Americans have marveled at the selfless example of Dr. Tom Dooley in Laos. Many have shuddered at the examples in The Ugly Americans. Both examples may be found in great numbers in our overseas missions. But most of our personnel are somewhere in between. Most could be doing a better job--and most must do a better job if we are to survive the modern techniques of conquest.

Citing the great skills of Soviet technicians in the language and customs of the areas to which they are assigned, he asked where the United States was going to obtain the technicians needed, especially since it was necessary to recruit technicians from all the skills and areas necessary to establish a viable economy and government in the underdeveloped countries abroad. He had a proposal:

I therefore propose that our inadequate efforts in this area be supplemented by a "peace corps" of talented young men willing and able to service their country in this fashion for three years. . . . and directed and paid by the ICA Point Four agencies. (New York Times, November 5, 1960, p. 32:5, 4, 7, and 8.)

The peace corps proposal was not a new one, it having been made in various forms by both Kennedy and others previously. But on this evening, the audience was national in scope, and the idea hit a responsive chord, gathering momentum immediately.

By the time the voters registered their decision on November 8th, the broad lines of the foreign aid program of Kennedy were clear. He had asked for more effort relative to the Peace Corps, Food for Peace, Development Loan Fund, and technical assistance, and less on military assistance and aid for political purposes. Country by country planning and self-help had been frequent themes. He had demanded new legislation, new organization, new faces, and a new program. These four demands were backed for reasons of political strategy in part, it being argued that unless something really new could be presented, there would be tough slodding in Congress. But in part they were also articles of faith for the forthcoming administration; the charges against the existing program were widely subscribed to.

#### Preparing for Power

Stevenson, Ball, and Bingham. As the election drew nearer, Kennedy and his advisers began to prepare for the possible day of victory. The new President would need a series of background policy papers, complete with recommendations for action that he could consider. Gradually, the idea evolved of a series of task forces in the various areas requiring major decisions. On July 29th, Kennedy asked Adlai Stevenson to head up the first such group, on foreign policy. Stevenson turned to George W. Ball and John Sharon, one of the latter's law partners who had helped Stevenson in his two Presidential campaigns. Ball, 51, originally an Iowa, had graduated from Northwestern University and entered the practice of law, interpersing it with various government assignments from 1933-1935 and 1942-1946, including

work with the Treasury, Lend-Lease Administration, and the Foreign Economic Administration. He became a member of the law firm of Cleary, Gottlieb, Friendly and Ball, which maintained offices in Paris and Brussels as well as New York and Washington, specializing in international legal matters.

Quite independently, Chester Bowles, a Yale graduate, Congressman from Connecticut, former governor, ambassador to India, and administrator of the Office of Price Administration during World War II, moved to assure Senator Kennedy of a mature statement on foreign aid needs. He had been designated by Kennedy as foreign policy adviser early in the year and there were rumors that should Kennedy be elected, Bowles would become Secretary of State or Director of ECA. With his international and national reputation, especially among liberals, Bowles was encouraged to move somewhat independently in stating his views, and, in this instance, in taking action. He asked Johnathan Bingham, a man with high-level experience in Point Four work (deputy administrator of ECA from 1951-53), to form a group to examine Point Four and to present recommendations. Bingham convened a meeting in New York of a number of persons with experience and stature in foreign aid on September 29th. Among the subjects discussed were the excessive number of agencies operating in foreign aid, the necessity for the program being tailored to each area and country, the waste, the downgrading of the program, the cold pro quo of support of our military and foreign policy by the countries assisted, and the problem of what stand to take on the peace corps idea. A draft of a statement, "New Frontiers for Point Four" served as a background paper for the second meeting on October 21st. Copies were sent to Bowles, Averell Harriman, and Stevenson. In addition, the group by now had expanded to include some twenty invitees, among them Stanley Andrews, the acting Point Four director after Dr. Bennett, Harlan Cleveland, Professor Lincoln Gordon of the Harvard Business School, David Lilienthal, Harold Linder, Columbia law Professor Richard M. Gardner, Professors Ken Millman

and W. K. Ransom of MEF, John Ohly, and Theodore Tannenwald. Many suggestions were made for improvements in the draft.

Before either the Stevenson-Ball or the Bingham groups could report, the election was over. Two days later, President-elect Kennedy moved quickly to designate Theodore Sorenson as his special counsel on November 10th, over three weeks before the budget director was announced, and more than a month before any of the appointments in the foreign affairs area were made. By this appointment, Sorenson obviously became a key man and often the key man in the numerous negotiations of the weeks ahead. Sorenson, 32, was a University of Nebraska Phi Beta Kappa who, in his reserved way, had been a long-time collaborator with Kennedy, including work on Profiles in Courage. He had drafted many of the President-elect's speeches and was at his right hand throughout the year. As a confidant and idea man for Kennedy, he naturally turned much of his attention to the task forces which had already begun to increase greatly in number. He had kept in close touch with the Stevenson-Ball effort.

The Stevenson report was made on November 14, and, among other things, recommended a number of additional task forces in specific foreign policy areas. Kennedy accepted the idea and ten days later contacted Ball and Sharon to head up a group of six task forces, including one on the Department of State and a second on foreign economic policy. A deadline of December 31st was set. On December 2nd, the two men met with Kennedy and discussed the subjects to be covered and the personnel to help out. For the undertaking on the Department of State, Ball and Sharon turned to J. Robert Schastael as secretary, and such persons as Dean Harlan Cleveland, Dean Don K. Price of the Harvard Mitter School of Public Administration, and Professor Richard E. Neustadt, political scientist of Columbia for consultation. Schastael, 43, a graduate of Pomona and Harvard, had been with the Bureau of the Budget for three years and since 1945 had been with the Department of State. For the task force on foreign economic policy, they selected

George S. Springsteen, Jr., as secretary, and Professor J. Kenneth Galbraith, economist of Harvard, Professor Walt W. Rostow of MIT, and Professor Richard H. Gardner of the Columbia Law School among the consultants. Springsteen, 37, was a graduate of Dartmouth and the Fletcher School who had joined the Department of State in 1949 and in 1958 transferred to the Development Loan Fund, becoming senior economist.

With Sorensen front stage, center, Bowles still standing in the wings, and the Stevenson report accepted, it was the Ball-Sharon group that had the initiative and recognition, not Bingham's. To be sure, a second draft by the Bingham group entitled "The New Frontier for Point Four" was developed, but the document was rather quietly passed on to Bowles and the group disappeared. It called for upgrading in the targets, personnel, and inspiration of the program; the United States should not try to buy friends with it, but enter into a partnership with other countries to spur development. Preference was expressed for a multilateral program, with substantially more financing. However, it was recognized that bilateral aid would continue to be important, and for it a single agency should be created, combining ICA, the DIT, and part of P.L. 480. The NAC should be relieved of its authority over development loans for the President assume the chairmanship of the NAC, taking it away from Treasury--a suggestion that did not anticipate the foreign aid background and attitude of the Secretary of the Treasury-to-be). The head of the new foreign aid agency should report directly to the President, subject to the policy direction of the Secretary of State, and he should attend cabinet and National Security Council meetings. These organizational changes should be announced at once, well before inauguration and before the selection of personnel to fill the key posts; otherwise, each appointee would become a partisan of a segment of the program and resist integration. Great stress on technical assistance was demanded, since economic aid was meaningless without it. Furthermore, it was an effective way of obtaining public support for the program. Finally, a research component should be added. No attempt

was made at unanimity. Some of the invitess such as Only had serious reservations about some of these proposals.

Echoing the Bingham group's call for determination of the major lines of reorganization before appointments, was a memorandum addressed to Chester Bowles from Joseph Toner, Secretary-Treasurer of the Development Loan Fund. A skilled bureaucrat at the age of 45, graduate of Minnesota and Syracuse, and with eight years of experience in foreign aid work, Toner pointed out that the problems of foreign aid coordination, the relation of the central foreign aid agency to the EXIM Bank and the DLF, and the role and status of the Mutual Security Coordinator's office were among those that must be tackled. Any appointments might create organizational centers of interest which would resist necessary program and organizational changes. If these changes could not be determined quickly, three alternatives remained. The status-quo could be maintained as far as appointments were concerned, purely interim appointments could be made, or the administration could gamble and appoint persons who they thought might be permanent. Unfortunately, the memorandum was addressed to the wrong person, and in any event, the administration elected had determined to await the Ball task force report which was still some weeks away.

The bureaucracy had made extensive preparations to help and to influence the new administration in regard to foreign aid after it was successful at the polls. Of course, the personnel of the several foreign aid agencies were somewhat restrained in their approach to change during the spring and summer of 1960, awaiting the election results of November. However, behind the scenes, great administrative jockeying and rethinking was going on. During the summer, three studies were launched. In the fall, greater activity began, and after the election foreign aid proposals came from all quarters in rapid succession. At least six to eight major papers or reports were forthcoming on foreign aid in both November and December.

The 604 Study. President Eisenhower has the responsibility for getting the 604 study underway that Congress had requested earlier in the year. The Treasury-dominated NSC urged that the study be undertaken by a large and high-level interdepartmental group; it was very sensitive to what it feared would come out of the effort. Under-Secretary of State Dillon was opposed to such a procedure, arguing that a single group should be given the task. Since there were too many political aspects to the study for an outside consulting firm to carry it out, he favored fastening the responsibility upon a government agency. All were in accord that no single agency administering a part of the foreign aid program should undertake the study. Therefore, the Bureau of the Budget (BOB) was the only agency that the several interested parties could agree upon. This arrangement had one advantage not overlooked: with BOB in charge, any of the operating agencies could either embrace or oppose the report or any segment of it, depending upon future developments and the nature of the recommendations. On June 2, 1960, the President designated the Bureau of the Budget to carry out the study, although it was to make use of the resources of the interested agencies.

Within the BOB the international division had had a long and intimate association with the many details of foreign aid and economic policy. In several ways, the division was more involved in the policy aspects of these fields than the Bureau was in other areas of government policy. For over ten years the division had grown with the foreign aid program. Considerable interchange of staff had occurred between the division and the foreign aid agencies. The division was so much a part of the operational team that in some years (1960, e.g.) no budget hearings were held by the Bureau on the national security program. A team feeling prevailed. But it was not to the international division that the Bureau turned. Rather, since reorganization was involved, the Office of Management and Organization was selected, and Richard Barrett, a management analyst who had been specializing in the foreign affairs area, was picked to direct the study. Young, fast-moving,

and verbal, Barrett assembled single representatives from Treasury, Commerce, Agriculture, and ICA, together with a few from BOB which formed the core group. The prime responsibility was Barrett's, however, and he was ideally suited for the task in that he had a knack of comprehending bureaucratic complications, of getting to know who was who in the government bureaucracy, and of exchanging items of bureaucratic gossip.

The work got underway in August. The 604 study group held many interviews with persons in the several interested agencies, including a number of VIPs. It was the end of an administration, and so people both high and low in the hierarchy were happy to relate their experiences and give their recommendations. Throughout the duration of his study, Barrett was contacted by persons both without but especially within the government who had their special plans they wished to press. Barrett was not alone in being contacted, since there was considerable interchange of ideas among all parties with interests affected by foreign aid changes, and some temporary and long-lasting alliances formed. However, the 604 study appeared to many to be the channel or at least a likely possibility for becoming a channel to action by the new administration, especially before the Ball task force mission was well known. It never attained this stature, but the bureaucrats could not afford to take the chance of discounting the 604 study or any other likely source of influence.

During the summer and early fall, with the uncertainty as to who the next President would be and what would constitute his desires in foreign aid, it became obvious to BOB that the 604 study could not make sweeping recommendations, at least initially. Consequently, it decided to concentrate on the first of the two requests of the Congress, namely, to present a descriptive account of the present programs and agencies, and to wait until the new administration came before moving further.

On December 2, David E. Ball became Kennedy's choice for Director of the Bureau of the Budget. A quiet confident man of 41, graduate of Harvard and with previous BOB and White House experience, Ball had the capacity of

mastering many details, molding them into meaningful wholes, and asking significant questions about them. He was a particularly happy choice from the standpoint of the foreign aid program, knowing Stevenson well, and for many years being associated with Professor Edwin Mason's economic development program at Harvard, serving as chief of party of its field team in Pakistan that helped the government develop a planning commission and the first five year plan, under a grant from the Ford Foundation. Later, he became second in command of the program at Cambridge. Shortly after his appointment, he had a series of discussions with Sorenson and others at Palm Beach, where the President elect's headquarters were located, about foreign aid and what should be done about it. All agreed that the Ball task force report would be useful, when it was available, but it was still some weeks from completion, apparently, and it would be unofficial. In any event, the Secretary of State should have the responsibility to make recommendations on foreign aid after review of the task force report and any other materials he found useful. His appointment should be awaited. This line of thinking was confirmed in a discussion reviewing many problems, foreign aid included, with the President-elect, participated in by Sorenson, Ball, Elmer Staats, the deputy director of EOB who was to be carried over in the new administration, and Richard Neustadt, a professor of political science at Columbia University, author of Presidential Power, the Politics of Leadership, and a close Kennedy adviser. Neustadt was appointed a special consultant on government organization by Kennedy on December 10th, and in this capacity worked closely with EOB and the White House staff.

As David Ball turned to EOB for briefing, he found that the 604 study under Barnett had been completed, although only in tentative draft form. As such it was descriptive and analytical of the present agencies, programs, and legislation, and it contained a brief history of government activity in the foreign economic area as well as resumes of reports that had been made on it. The more analytical sections examined the dispersal of foreign economic

activities among a dozen or more major agencies, the foreign economic functions (including foreign assistance as one of four), and the problem of the coordination of foreign economic activities. While lengthy, covering the thick micrographed volumes, "Organization and Coordination of Foreign Economic Activities" provided ideal briefing material, in that it was comprehensive in its description and analysis, and it contained no direct recommendations of its own. Still, it had its own bite. The report described the scattered responsibility and authority that prevailed. Some of the scattering was purposive--to avoid the full foreign aid expenditures from being added up in any one place, thus maximizing the dollars available and also appealing to special interest groups such as the farmers. But dispersion carried the disadvantage of lack of coordination. While the report did not say so in so many words, those who read it came away feeling that it supported integration in foreign aid.

During December several informal briefing sessions were held with BOB personnel, including those coming in with the new administration. Staats, David Bell, and Neustadt were among those active in reviewing the material. Two points of difficulty arose. There was much discussion of the role Dillon had played in State. At first, neither Bell nor Neustadt fully grasped the significance of the fact that the Dillon role would not be repeated in the new administration, at least initially, since Bowles had just been designated as the Under Secretary and would be in liaison with the regional assistant secretaries and other top personnel whereas Dillon had combined regional and department-wide coordination with responsibility for economic affairs and national security. The new Under Secretary for Economic Affairs would have authority only in regard to the latter two items. A second rough spot was that those who discussed the report were primarily interested in foreign aid and picked up the report's comments about that subject. It was difficult to get a focus on all economic activities--trade, economic defense, and economic reporting as well as foreign aid--and how they all were ultimately related.

The role of the Under Secretary for Economic Affairs and the relation of foreign aid to economic policy were to prove continuing problems for the next several months.

Congress had requested recommendations as well as description and analysis, and David Bell was consulted on this matter as well. The decision was to leave the 604 study without a set of recommendations, and to consider the proposals of the new team in State as the first step toward such recommendations, thus relieving BOB of direct responsibility. The 604 study did include a short concluding section on "Alternative Organizational Arrangements," but no definite preferences were indicated. Three groups of three alternatives were examined. At the Presidential level, a new First Secretary of the Government of the United States, out-ranking other cabinet members, had been discussed and warmly regarded by Nelson Rockefeller, Foster Dulles, and President Eisenhower. He would perform some representation duties, be a general overseer for the White House and Executive Office of national security and foreign affairs, and act to coordinate foreign policies, including those in the foreign aid area. However, the downgrading of the Secretaries of State and Defense that the proposal entailed would prove a serious obstacle. Both Neustadt and Senator Jackson were opposed to such a course of action. Less sweeping would be a second alternative, the establishment of an Office of National Security in the Executive Office, perhaps somewhat similar to the Bureau of the Budget in the security-foreign affairs area, or, alternatively, the strengthening of a presidential assistant and his staff, consolidating White House and Executive functions in these areas and facilitating staff work. Again, however, cabinet officers would be downgraded, if for no other reason than inter-agency committees and their staffs would be replaced by the office. Lower channels to and forums of the president would be present. The 1960 Brookings study pointed in this direction. A third alternative would be for the President to rely upon the Secretary of State for such coordination. In effect, the secretary would wear two hats, those of chief

foreign policy officer and those of a vastly strengthened Mutual Security Coordinator. Other cabinet officers could be expected to balk at this to some extent, especially the Department of Defense, and the burden on the Secretary might be great. Harlan Cleveland was among those suggesting this course of action.

Consolidation and coordination could be achieved in the foreign economic field alone by less sweeping measures, especially by establishing a separate agency. The OGA study presented three more alternatives. Fourth, a permanent Department of Foreign Economic Activities could be created with cabinet status, a sort of enlarged ICA with functions transferred from the DLF, and portions from the EXIM Bank and P.L. 480. The emphasis would be on geographical lines, not on separate functions or programs. The Draper committee went in this direction as had the Bingham group. The merits were consolidation and greater stature and freedom for these activities. The shortcomings were that additional coordinating problems for the Presidency would exist, even if the Secretary of State were empowered to give the new department policy guidance. Fifth, the independent agency could take the direction that the Henry Owen report suggested, and which had been endorsed by several members of the Development Loan Fund such as Joseph Toner and Hart Perry, Deputy Managing Director of DLF. A graduate of the University of Chicago and now DLF, before coming to DLF in 1958 Perry had served as assistant chief of the international division of BOB for six years. These men endorsed the banking approach, the separation of banking activities from other foreign aid activities, but within an over-all agency or department. Two arguments were raised against it: to separate out banking from other aspects of foreign aid would be undesirable because technical assistance must go hand in hand with capital loans; also, country programming would be made more difficult by the separation--coordination of different aspects of aid would be difficult. Sixth, Barrett and his aides suggested what a course of action similar to plan four, but distinctly temporary in nature could be taken, "pending the

reorganization of all foreign affairs activities into an integrated Department of State.<sup>9</sup> In the initial stage, plans three and six would be compatible, setting the stage for a later--and ultimate--solution. There were those not wanting to commit themselves to such a long-range and two-stage program.

Finally, the 604 study presented three alternatives for consolidation within the Department of State. Seventh, a Secretary of Foreign Affairs comparable to the Secretary of Defense was frequently suggested, who would preside over three departments--State, an integrated Foreign Economic Operations unit, and a unit for Information and Cultural Affairs. To copy the Defense pattern it overlooked the several difficulties of direction and leadership it had had. The eighth was an integrated foreign aid agency with a relation to the Secretary of State similar to ICA's, possibly with information (USIA) and culture having a status similar to ICA, also. Three personnel systems and three geographic staffs would exist. Dillon boded in this direction in regard to the foreign aid element. However, the existing pattern of ICA was considered weak. Ninth, the economic, political, information, and cultural activities activities of the department could be integrated through a single set of geographic units, the four special sets of activities being located in staff units only, reporting to the secretary. However, the Foreign Service personnel system would not be adequate to meet the needs of this alternative.

The 604 study was reproduced in January, and distributed on a limited basis within the government. Barrett himself favored alternatives three and six, and then moving to alternative nine sometime in the future. At a propitious time, and anonymously, he put in his "two-stage bomb" via Sorenson. In turn it bounced to David Bell and then to Neustadt, who negated it--in part because plan three still appeared to him entirely too much like plan one.

John Bell, Harlan, and Owen. A number of the nine alternatives set forth in the 604 study were eliminated almost before they were put forth as

The new administration-elect proceeded to make its appointments, and therefore structure foreign affairs. The long-awaited designation of a Secretary of State came on December 12th. Dean Rusk, 51, a Georgian by birth, graduate of Davidson College, Rhodes Scholar, professor of political science at Mills College from 1934-1940, Department of State diplomat from 1946-1951, rising to deputy under secretary, and since 1952 President of the Rockefeller Foundation, was the choice. Through foundation activities, Rusk had kept an intimate touch with both private and government foreign aid and exchange programs. Simultaneously, the new Under Secretary was announced: Chester Bowles. David Bell and others lost no time in reviewing the foreign aid problems confronting the new administration with Rusk. The latter readily agreed to take the initiative, but it seemed appropriate to all that it should delegate this task to the new Under Secretary for Economic Affairs. He was pat to be selected.

After their appointments, Rusk and Bowles began the long and tedious process of becoming briefed. Temporary offices were established in State. In the foreign aid field, Rusk and Bowles were presented with the materials that had been developed under the direction of Dillon and John Bell. Back in the summer of 1960 Under Secretary Dillon and his deputy for mutual security coordination, John G. Bell, discussed what ought to be done for the new administration to improve the foreign aid program. Bell suggested that some advanced planning and research should be carried out so that the new administration would have in convenient form the best thought available and this would facilitate its moving quickly to make the changes it desired. Dillon agreed, and as a consequence, two exercises were launched. For one, Bell turned to his Assistant Coordinator for Programming, Jacob J. Kaplan. Harvard-educated, Kaplan, 40, had been with State on the foreign aid program since 1946. On Kaplan's staff were program officers specializing in various phases of foreign aid--P.L. 480, the DLF, the ICA, military assistance, and economic policy. His assignment was to head up a special working party

within the government to review the program concepts behind the activities and the methods of providing aid, and to assess the adequacy of existing legislation. A second undertaking Hall kept largely to himself: a general assessment of experience with the Mutual Security Program to date with recommendations which the Under Secretary in his role as Coordinator of the Mutual Security Program could present as his final report before leaving office.

The Kaplan report was one of the early ones, coming out on November 17th. Entitled "A New Legislative Structure for Foreign Aid," it was the result of two months of discussions with officials associated with the several programs and considerable background research. It surveyed the four basic pieces of legislation underlying the program and found them wanting: The EXIM Bank Act of 1945 as amended, the Mutual Security Act of 1954 as amended, the Agricultural Trade and Development Act of 1954 as amended, and the recent American Republics Cooperation Act. The report outlined some five different purposes underlying the several programs, and stressed that each needed separate emphasis to avoid complications and confusion. Consequently, five new acts were recommended to replace existing legislation: a military assistance act, one for development lending and export promotion, a social development act, one for supporting assistance (defense support and special assistance), and the Agricultural Trade Development and Assistance Act, the latter amended so as to transfer its administration to an integrated foreign aid agency. Such a legislative structure would help restore program balance by reducing the over-emphasis on the military side and increasing the emphasis on the almost-ignored social development element. In any event, long-term commitments and resources were needed for the program.

The final report of Under Secretary Dillon as Coordinator of the Mutual Security Program did not come until the last meeting of the National Security Council in December. Dillon felt that more money was required for the program--a criticism of the budget recommendations Eisenhower was about to

make in the closing days of his tenure--and he called for the overhauling and modernization of the administrative and legislative structures of foreign aid. However, he did not follow the Kaplan report and call for five pieces of legislation; rather, he felt a move toward a single piece of legislation should be made as much as possible. In general, Dillon favored integrating the several aspects of the foreign aid program in an agency within the Department of State. A revamped Development Loan Fund Board of Directors would only be advisory to the agency administrator. More authority over agricultural surpluses would be lodged in the agency, including the determination of their distribution abroad and the use to which local currencies, generated by the sales of the agricultural surpluses, could be put. The Under Secretary of State for Economic Affairs would have the power to direct and control the program with an augmented staff. Improved planning and programming through his office would thus be possible as well as through a more integrated agency. The proposals were moderate. In an early draft of the report, it was provided that the EXIM Bank should be split in two, with its development loan activities transferred to the centralized agency and with the NAC shorn of its approval authority over development loans. On December 16th, President-elect Kennedy announced that his choice for Secretary of the Treasury was C. Douglas Dillon. The EXIM Bank and NAC recommendations were not carried over from the draft.

John O. Bell had developed a more specific statement of some of his own thinking, in part to serve as background for Dillon's report. "Some Notes on Restructuring the Mutual Security Program" recommended that the head of the consolidated agency have the status of under-secretary and report to the Secretary of State. While the agency would be administratively distinct from State, it would be subject to the Secretary's control. A policy advisory committee would be established within State with a staff specialized in economic, political, and international security aspects of foreign aid. Within the new aid agency, three functional deputies would preside over

segments of the program: social (for technical grants), economic (for loans), and military, a reflection of some of the same thinking as in the Kaplan report. However, the program should be highly decentralized and flexible, and the power of Washington regional offices enhanced so as to adapt aid to each country's needs. Over the years, the pendulum had swung too much to the functional and away from the regional offices. EXIM should be split, with its development loan function transferred to the new agency, along with the DLF. The power of the NAC over development loans should be ended, and a development loan board with advisory powers only should be established representing major interested agencies (Treasury, State, EXIM, etc., as well as the aid agency). Much of P.L. 880 should be in the new agency. The functions of the Inspector-General and Comptroller for Mutual Security, only one year old and not completely underway, should also be transferred to it. In the field, the ambassador should be more responsible for the program in each country. There was also some political advice: development assistance could not be sold alone in Congress--there must be a mutual security emphasis. Under date of December 23rd, Dillon passed copies of these notes on to several persons within and outside the government, including David E. Bell, Dean Rusk, and Chester Bowles.

In mid-December a paper, "A Suggested Regional Approach to the Administration of United States Assistance to Underdeveloped Countries" was the vehicle for putting forth in concise language what had been implicit in the 604 study and in some of John Bell's memoranda. Consolidation was required of the foreign aid agencies, but after that was achieved, considerable decentralization to regional units and field missions was essential to adapt the aid to distinctive needs, country to country.

Other parts of the Department of State such as those concerned with policy planning, personnel, and Congressional relations had also been devoting attention to foreign aid reorganization. Henry D. Owen of the Policy Planning Staff had completed a report, "United States Foreign Economic Aid: Its

Purposes and Instruments," dated November 21st. Owen, a graduate of Harvard and with the Department of State since 1946 and the Policy Planning Staff since 1955, had been working in the area of international economics and research for many years. This particular study had gone through a previous draft that had been read and criticized by several of his professional acquaintances--Professor Max Millikan of MIT (director of the Center for International Studies), Professor Robert R. Bowie of Harvard (director of the Center for International Affairs), and Professor Philip E. Mosely of Columbia (director of studies for the Council on Foreign Relations). Essentially Owen's thesis was that the different distinctive purposes of foreign aid required distinctive organizational representation, an argument also to be found in the Kaplan paper and to a much milder extent in that of John Ball. Owen saw two major purposes, capital development and social development, and so he proposed a head of a foreign aid program who would have under him two major agencies, a development bank (including the DIF and the EXIM development loans) and an international development agency (for technical aid, social development, and exchange). The bank's activities would be conducted on a repayable basis, while the agency's activities would represent unrecoverable expenditures or grants. Both purposes could only be achieved by long-range commitments. For the miscellaneous category of purposes such as emergency help, defense support (in effect, sustaining aid), and special assistance, a special office for supporting assistance reporting to the program head would be provided. The recipient country would obtain programming advice and assistance from international, private, and/or United States government sources, and country planning that would integrate all forms of aid in a way meaningful to the local situation, not action by the aid agency. If integration in foreign aid meant merging the different purposes of aid together, Owen was opposed.

The DIF. Aside from the Bureau of the Budget and the Department of State, most of the activity of producing and scrutinizing new plans was

centered in the DLF and ICA. Five members of the DLF staff were especially active--Hart Perry, deputy director, Joseph S. Toner, secretary-treasurer, Arthur McGleufin, assistant director for operations, and Joseph E. Slater, assistant director for planning and economics, and his deputy, Lester E. Gordon. As heretofore his office's responsibilities, activity was centered around Slater. A tireless fast-talking and fast-acting administrator who revels in stirring up new ideas, Slater had only recently (October) come to the DLF from the Ford Foundation. He lost no time. His early paper, dated November 2, "Requirements for an Effective United States Foreign Assistance Program for the 1960s," set forth the DLF viewpoint; it had been approved in advance by Perry. The proposal was essentially Barrett's alternative number five, but it antedated even Henry Owen's paper. A United States Development Assistance Authority would report directly to the President, and receive policy guidance from the Secretary of State. It would have a small coordinating and advisory staff on all foreign aid matters, and a small office for a miscellany of aid such as defense support, special and supporting assistance, relations with multilateral agencies, P.L. 480, and contingencies. The main portion of the agency would be divided among two powerful sub-agencies, a Capital Development Bank with the responsibilities currently exercised by the DLF and part of the EXIM Bank and an International Development Operations Administration with all technical assistance responsibilities. The former was to be capital-oriented, the latter human and institutional-oriented. Both were to be "semi-autonomous." Slater also called for a greater reliance on multilateral and private efforts in foreign aid.

Significant support of the DLF-Owen position came from Max Millikan. Millikan and his Center for International Studies including such scholars as W. W. Rostow and Ethiel Pool had stamped themselves as leaders in research in economic development. During the campaign, both Millikan and Rostow had served in advisory capacities to the Kennedy organization. Their contributions were greatly stepped up after the election, and both had contact with

several groups or task forces preparing positions for the new administration-  
elect. Always closely in touch with Washington, Milliken had exchanged  
papers on the proposed new aid organization with persons in State, DLF, and  
ICA. His November 15th "Memorandum on a New Organization for the United  
States Foreign Aid Program" pushed the thinking of the DLF-Owen school of  
thought one step further, by combining with it the clear implications of the  
Kaplan viewpoint. If there were several purposes behind foreign aid, and if  
it were undesirable to mix them, then it followed that within an independent  
and all-encompassing foreign aid agency, of cabinet status, there should be  
a separate or quasi-autonomous agency for each major purpose. Milliken  
proposed four, each with its own field organization. In this manner, the  
recipient country would have to declare its purposes clearly in order to  
receive aid, since it would approach that sub-organization that most nearly  
matched its purposes. Country planning would serve as the ultimate coordi-  
nator of aid efforts in each nation and should be forced on the countries,  
not carried out by American bureaucrats, as with the regional people in ICA  
at present. The four major purposes he saw as economic or capital develop-  
ment, technical assistance for human and institutional development, military  
assistance, and the political objectives behind continuing support and  
emergency aid. Military and political objectives and the dollars going into  
them should be reduced as much as possible, while in the economic sphere,  
the efforts needed to be doubled or tripled. Funding should be long-term  
so as to permit orderly development and maximum effectiveness. The head of  
the agency should have only a small coordinating staff. This would assure  
substantial independence of the four component parts, and also thereby assure  
a clarification of purposes and objectives in each segment of the foreign  
aid program, so badly needed.

ICA. Throughout much of 1960 ICA officials had also been reviewing  
their experience to date with the thought of contributing to a new foreign  
aid policy. As the central and largest agency in the field, it had been the

chief target of criticism, and it had the most to gain or lose out of any change. In the fall of 1960, three offices were especially active in planning for, and anticipating, change. The Office of the Deputy Director for Management, headed by John J. Grady, was very active, also, especially in later months. In addition, the Technical Assistance Study Group, of which John H. Chily was acting director, continued its interest in the long-range aspects of foreign aid.

Grant, 36, and a graduate of the University of California and the Harvard Law School, was a veteran of several aid missions to Asia and had been in his deputy director post since 1958. A bright, clear-thinking, active bureaucrat, he was quick to sense the opportunities and perils that would come with the new administration. One of his assistants, Karl F. Bode, had known Slater of the DLF for some time, ever since they had been associates under McElroy in Germany. It was quite natural, then, that Grant's office and its counterpart in DLF, Slater's, should decide in early fall to put their ideas for the future on paper and to exchange them freely.

For some weeks Grant's office worked on a document that would reflect their basic thinking. The result was a 31-page document on November 16th entitled "Development Assistance of the United States Government for the Less Developed Countries of the Free World, 1961-64," and informally dubbed by the office as their "orbit paper." The report clearly went in the direction of alternative four as outlined in the 60th study. An independent Department of Development Cooperation should be established, of cabinet status, with direction in foreign policy from the Secretary of State. It should consolidate the activities of the DLF, the development loans of the EXIM Bank, and have greater authority over the P.L. 480 program than was true of ICA. Unlike the Owen-DLF-Millican proposals, the orbit paper called for a single, strong field organization in the new agency. Increased manpower and dollars should be channelled into the new program. Thousands of operating--in addition to advisory--personnel should be sent to the less developed

countries. Research on the development process was urgently needed. In general, the orbit paper envisaged an enlarged, strengthened, and refurbished independent ICA.

The orbit paper was sent to many persons both inside and outside of government. Labelling the paper as an "unofficial think piece," Grant solicited comments from Max Millikan, Chester Bowles and Dean Rusk (even before they were appointed as Under Secretary and Secretary of State), Henry Owen, John Bell, Joseph Slater, Thomas Hughes of the Bureau of Intelligence and Research in State, and others. Later, as new appointments were made, copies were sent to the officials, including the new ICA, DLF, and Peace Corps directors. President-elect Kennedy was provided a copy. The response from the Owen-DLF-Millikan school of thought and from John Bell was not encouraging, nor did Grant expect it to be. He viewed the proposals of the former as largely a perpetuation of the divisions that had handicapped the program for so many years, except that now they proposed to put the separate segments under one roof without doing very much about it. Bell's ideas would lead to a strengthened Mutual Security Coordinator's office, outside the new agency.

To meet the many criticisms of the orbit paper's proposals on organization, Grant's office set about preparing a special memorandum on the structural aspects of the agency outlined in the orbit paper. Warren W. Wiggins, at the time assistant deputy director in Grant's office but later to become associated with the Peace Corps, was one of those preparing a draft for this purpose. His suggestions were put in paper form on November 28th. It was a strong plea for a consolidated, all-encompassing agency, with integration within. It was not necessary, he argued, for the foreign aid organization to reflect separate authorization and appropriation entities. A unified agency with all appropriate tools was needed. Since all foreign lending would be in the new Department of Development Cooperation, there would be no further need for inter-agency coordination, and the MAC could be

abolished. Since the new department would have more P.L. 480 authority, the chairman of the Interagency Committee on Agricultural Surplus Disposal should be the secretary of the new department, not the Secretary of Agriculture. In an extended analysis of the personnel system, Wiggins felt that both the Civil Service and Foreign Service patterns were inapplicable. Many highly-paid top executives were needed, without regard to civil service--he proposed some 401--and even for technicians, there were only limited opportunities for a career service.

The document that received the general approval of Grant's office was somewhat more moderate, but it hit hard at the Owen, Slater, and Milliken reports, as well as Kaplan's, although not by name. "A Proposal on Foreign Aid Organization," dated December 1st, was an extended justification and defense of the organizational portions of the orbit paper. "The importance of unified administration of this multi-billion dollar program cannot be overstressed," it argued. "It is not necessary that organization be structured to reflect individual administrative entities for separate legislative authorities." And the desirability of separate pieces of legislation was also questioned. "The purposes of foreign assistance . . . will be best achieved if the administering agency's primary organizational alignment is geographic rather than functional or procedural." However, the report did not go all the way toward geographic emphasis, although in comparison to the Owen-Oll Milliken position it was highly pro-regional. In fact, it tried to strike a balance, just as ICA had attempted. Strong functional offices were envisaged particularly for capital projects and institutional development which, while they would not have separate field organizations, would be unified and "serve in an advisory capacity to country desk officers, provide professional advice to personnel in like fields in the missions overseas, and render professional assistance in implementation activities carried out in the U.S."

Agriculture and Food for Peace. The Department of Agriculture had been busy for some time defending its area from possible attack from without and planning for new contributions for agriculture in the foreign aid field. With all the calls for integration in the foreign affairs and foreign aid fields, there was some danger that the agricultural attaches would be transferred to the Foreign Service, and the Foreign Agricultural Service of USDA took the precaution in late 1960 of talking with some of its friends in farm organizations to head off such an eventuality. As for P.L. 480, there was nothing much to be done at the moment. Farm organizations and the agriculture committees of Congress were on their side, and in day-to-day administration, there actually were few problems. ICA, Agriculture, State, and other departments and agencies were cooperating well through the interagency staff committee and in day-to-day contacts, so that the high-level interagency committee did not, in fact, have to meet. Policy decisions relative to making sales to particular countries and the conditions attached thereto under Title I were largely a matter for Agriculture, State, and ICA to decide, and each tended to have a veto on the action of the other, although the law stated that the Secretary of Agriculture should determine the nations with whom agreements were to be negotiated. If the dispute could not be settled by the interagency staff committee or interagency negotiations, the Food for Peace Coordinator was available to help settle the matter. Seldom did disagreements go that far. A good proportion of the local currencies generated remained unspent. Under the leadership of Secretary of Agriculture Benson, USDA was not especially interested in P.L. 480, and therefore did not have substantial interests to protect. Dollar sales on a long-term credit basis were not pushed, and surpluses for emergency relief and donations to voluntary relief agencies had been turned over to ICA. For its part, ICA was less than anxious to have the voluntary agency program, for which it received no funds to administer.

On December 15th, Kennedy announced the appointment of his Secretary of Agriculture, Orville Freeman, the forceful and dynamic governor of Minnesota. In accepting his appointment, the new Secretary of Agriculture stressed the importance of "using effectively this great weapon for peace around the world" -- i.e., the agricultural abundance of the United States. Being little acquainted with the international problems of agriculture but having strong feelings that something should be done to relieve the world's hunger, Freeman asked the NSB to get to work at once on a World Food Budget, and wanted the relation of domestic agriculture to international aspects of agriculture explored thoroughly. The passivity of the Eisenhower era in international agriculture was due to pass quickly.

The news day that Orville Freeman was named Secretary of Agriculture, George S. McGovern was named Director of Food for Peace. McGovern, 38, who had received his PhD in political science from Northwestern, had been a South Dakota Congressman but was defeated in his bid for the Senate in November. He had known Freeman well for some years. As a political hopeful for the future and a warm supporter of Kennedy in the past, he was entitled to consideration, quite aside from his substantial abilities. The position of director of the food for peace program was ideally suited for such a person, since it did not involve a large staff but did keep the occupant in the public limelight. Under the Eisenhower administration, the director's office was used largely to signify the importance attached to the program and give it publicity; it played no part in program administration and performed little coordinating function. The administration itself was troubled by the problem of how to structure the Food for Peace program, since Kennedy wished to emphasize its role in foreign aid. The uncertainty of the new administration's position on the matter was apparent at the press conference called to announce the appointments. Kennedy explained that both Fusk and Freeman endorsed the selection of McGovern, but when in response to the questions of reporters he came to explain the new director's responsibilities, he found

himself reaching for words. The director would serve as a coordinator between State and Agriculture. The present plan was that he would have an office in the State Department, but his job would be of an independent character. He would be considered as being on the White House staff, and would receive authority and backing from the President himself.

There followed several weeks during which an attempt was made to spell out more clearly what McGovern was to do. McGovern indicated clearly that he wanted to be more active than his predecessor. On January 27th, shortly after inauguration, the new President sent out a memorandum to the heads of the executive departments, explaining that he was issuing an executive order to reorganize the Food for Peace Program. Hereafter, the Director of the Food for Peace Program would be responsible for P.L. 480. He would give leadership and "continuous supervision and coordination" to the various activities in this field, especially in regard to State and Agriculture. Finally, he would review all the P.L. 480 activities and make recommendations in cooperation with the Mutual Security Coordinator. Clearly not a definitive statement, the executive order by design continued some vague divisions of responsibility--at the same time it brought more time.

The selection of both Freeman and McGovern reflected the determination of the President-elect, oft repeated during the campaign, to develop a more positive world food program. It was also this interest that led him on October 13th to appoint a task force on the overseas food program, with Murray D. Lincoln, president of CARE, as chairman. Senator Humphrey was among the six members. Its report on January 19th called for a new program to meet the world's food needs. As for P.L. 480, it recommended extension of the authorization for five years, expansion of the use of surpluses for emergency relief, the doubling of Title I authorizations (from \$1.5 to \$3.0 billion), the easing of conditions for sales on a long-term dollar payment basis, and an immediate increase in Title I of two billion dollars for calendar 1961.

Presidential-Elect Actions. Throughout December and early January, the President-elect's attention to foreign aid came primarily through considerations that led to his cabinet-level appointments and his interest in Food for Peace and the Developing Peace Corps idea. The various position papers in State, ICA, and DIF and even the Bureau of the Budget's 604 study did not receive active Presidential-elect attention. He had committed himself to two courses of action: the new Secretary of State would be expected to come up with recommendations on foreign aid, initially, and the Ball-Sharon group had among their responsibilities a task force on foreign economic policy. Had the original Stevenson group come up with a specific foreign aid proposal or had the Bingham group's work been accepted as the focus, the time-table would have been far different. As it was, the Ball-Sharon group was given only five or six weeks, beginning late in November, to produce the basic document for policy decisions. But it was during these short weeks that the cabinet and other major appointments were completed with the consequence that State, Treasury, Agriculture, BOB, and the White House got effective and powerful spokesmen. One by one the clearance points for any new foreign aid proposal became more numerous, and the range of points of view within the new administration-elect became greater, accentuated by contact of the new appointees with the reports on foreign aid that had been made in their agencies, and their authors. However, the delay in the appointment of directors for ICA, DIF, and the EXIM Bank had the virtue of keeping some of the key organizational and program matters fluid.

In speeches and press statements, the administration about to take office continued to indicate the direction of its thinking and action. Professor John K. Galbraith of Harvard, who was serving as an economic consultant to Kennedy and was a consultant to Ball-Sharon's Foreign Economic Policy Task Force, came out strongly for a single federal agency to help evaluate expenditures abroad, determine priorities, and in general unify economic, diplomatic, and military policy, in a speech November 16th before

the Land Grant College Association. In other public addresses he called for a new foreign aid organization and increased expenditures. Chester Bowles was especially active in pushing for new legislation rather than just another set of amendments and a new administrative organization rather than just minor changes in the existing framework. In mid-December he expressed his views before the National Conference on International Economic and Social Development. A month later, before the Senate Foreign Relations Committee, he observed that the United States must emphasize that it is primarily interested in helping those who want to help themselves and that human development must receive more attention in foreign aid, not just material. On December 29th, Kennedy and Fulbright in a joint statement reported that they would seek Congressional action to put economic aid on a long-term basis.

The President-elect's interest in the Peace Corps idea had been further augmented since election day. Group after group had contributed suggestions voluntarily. Rather belatedly, on December 4th ICA had let a contract to Colorado State College to carry out the study that Congress had requested on the feasibility of the Peace Corps idea. Kennedy moved to assure his own advice. In mid-December he asked Max Millikan to assume the chairmanship of a task force on the Peace Corps. Reporting on January 7th, the Millikan group recommended that a semi-autonomous International Youth Service Agency be established "to fill a temporary shortage of indigenous persons with the necessary qualifications in the host country." Programs for sending such groups abroad should be "accompanied and integrated with programs developed by ICA or its successor agency" for training of host country nationals to fill these positions in the future. The program should be run largely through contracts or grants to private agencies or universities. Heading it up should be a director of international stature, probably from the academic world, reporting to a board composed of representatives of ICA, USIA, State, the major foundations, and the principal professions. It should have only a small staff, relying upon ICA for information and advice.

The President also took another step. He designated R. Sargent Shriver to do the background development work on the Peace Corps. A graduate of Yale, Shriver had been running some of the Kennedy family business interests in Chicago. He had married one of the Kennedy sisters, and at 45 was a vigorous, tireless worker who had helped out extensively during the campaign. Obtaining an office in ICA and working on a voluntary basis, he set about outlining the kind of program and agency that should be created, and identifying staff members that would help launch the new endeavor.

January was a month of urgent action and great activity. The President-elect moved to complete his White House staff before inauguration. He selected Dean McGeorge Bundy of Harvard as his Special Assistant for National Security Affairs and Professor Reston of MIT as Bundy's Deputy. Reston, an associate of Millikan's in the Center for International Studies at MIT, had been a Kennedy adviser during the campaign and was author of several books on economic history including The Process of Economic Growth. Dr. Jerome B. Wiesner was designated as Special Assistant, and was to serve as science advisor. Also named Special Assistant was Ralph A. Dungan, 57, who had previously served as Kennedy's legislative assistant, and who now became a key man in scouting for talent for the new administration and screening candidates for jobs. Within two months, he moved into the center of the foreign aid problem. Sorensen was given an aide; Richard N. Goodwin, 29, was appointed Assistant Special Counsel to the President. He had formerly been a law clerk to Justice Frankfurter and had served as a campaign aide to Kennedy. With a special interest in Latin America, Sorensen turned to him for help on foreign aid matters. Increasingly as the new administration got underway, Sorensen turned to domestic program problems, but gave final form to many of the President's speeches and messages on all topics.

As January 20th approached, the Inaugural Address and the State of the Union Message began to take shape. Although the Hall task force report had been made available shortly before, neither of the two speeches was specific

enough to require reference to it; nor did they depend upon it for basic concepts. The Inaugural Address was an appeal for a positive approach to our own and the world's problems. The State of the Union Message was more specific. The President urged the necessity for establishing world food reserves, expanding the Food for Peace program, and developing the Peace Corps concept. On general foreign aid he said:

I intend to ask the Congress for authority to establish a new and more effective program for assisting the economic, educational, and social development of other countries and continents.

He went on:

Such a program compared to past programs will require:

- More flexibility for short-run emergencies;
- More commitment to long-term development;
- New attention to education at all levels;
- Greater emphasis on the recipient nation's role, their purpose, with greater social justice for their people, . . . and more efficient public administration and more efficient tax systems of their own;
- And orderly planning for national and regional development instead of a piecemeal approach.

So far, the President had not moved beyond his campaign statements of the previous fall.

#### Formulating the President's Foreign Aid Program

January. The Ball-Sharon "Report of the Task Force on Foreign Economic Policy" was completed the second week of January, although it was dated December 31st. It had been an intensive job, working day and night the week around from early December. Like Barrett, Springsteen, the secretary of the group, had access to many of the reports that had flowed back and forth in November and December. With his background in State and the DLF, he was well acquainted with the authors of many of these reports. Furthermore, among the consultants to the task force were Richard N. Gardner and W. W. Rostow, two professors who also had been connected with the Bingham group. For the most part, the report represented the collaboration of Ball and Springsteen, Ball being more interested in the foreign economic policy side

of it, where his own experience lay, Springsteen carrying the initiative on foreign aid.

It was a long, exhaustive document. From his broad perspective on foreign economic policy, Ball saw a need for general coordination of all government programs in this field. As the 604 study had done previously, the report reviewed the various coordinating devices currently used--the MAC for loans, the P.L. 480 committee, the Mutual Security Coordinator, the Trade Policy Committee, and the Council on Foreign Economic Policy. There was overlapping and confusion in so many devices, and, more seriously, a consistent over-all policy did not necessarily emerge. The current Council on Foreign Economic Policy was a weak interdepartmental advisory group, performing a residual function, that is, giving advice on those aspects of foreign economic policy that no other group handled, rather than being a central coordinating body. Therefore, a new Council on Foreign Economic Policy should be created as the only body in the area, chaired by the Department of State (delegated to the Under Secretary for Economic Affairs). Rather than making it the strong central coordinating body, the report proposed its functions, primarily advisory, should be kept to a minimum by reorganizing foreign economic activities in such a way as to reduce the necessity for interdepartmental coordination. Legislatively, this would be facilitated by a single piece of legislation, a Foreign Economic Bill, for both economic aid and foreign economic policy.

A new consolidated agency to administer foreign aid was suggested, with jurisdiction over functions now exercised by ICA, DLF, the development loans of the EXIM Bank, and the P.L. 480 program, except for determination of what surpluses exist which would be left in the USDA. The doubling of aid was recommended, from the present \$2.5 billion (Mutual Security economic plus EXIM development) to \$5.0 billion by 1965. Long-term financing was urgently needed, and it therefore endorsed four-year authorizations, and for loan purposes borrowing from the Treasury rather than Congressional appropriations.

The P.L. 480 program should be greatly expanded with less emphasis on surplus disposal and more on using surpluses for world food distribution and as an integral part of foreign aid; it should be increased by \$2.0 to \$3.0 billion per year. Military assistance would continue to be administered by the Department of Defense. Legislatively, a comprehensive overhaul would be needed to change the funding into four packages: non-programmed assistance, comprised of the former DLF soft loans and the EXIM hard loans; military assistance; surplus commodities; and programmed assistance to be made up of multilateral agency contributions, contingencies, and combined regional requests for what formerly were separate defense support, special assistance, and technical cooperation categories. Organizationally, the new agency would enjoy autonomy, subject to the foreign policy direction of the Secretary of State. The task force envisaged considerable independence for the loans segment of the program in the form of a new development bank, and a second large unit devoted to institutional development and supporting assistance. However, unified geographical organization was envisaged serviced by the functional staffs with a country-by-country approach. In general the report pointed in the direction of consolidation of foreign aid agencies with a balance among geographic and functional units. More operating personnel were needed abroad, and consideration should be given to developing a career service.

The report was the result of much research and consulting with many prominent persons. Despite these efforts, the "Report of the Task Force on Foreign Economic Policy" was somewhat anti-climactic. With the many reports that had preceded it in November and December, some of the force of its recommendations were lost. It was never made public, and even copies within the government were very limited. Furthermore, it arrived late--after major cabinet and some sub-cabinet choices had been made and just as the tremendous crush of the inauguration and the investiture of the new administration was at its height. Nor did it make a favorable impression upon those who read it at its height. Nor did it make a favorable impression upon those who read

it. Dillon dubbed it a master plan to assure the **consolidation of all your** enemies. The report affected the interests of all agencies interested in foreign economic policy and foreign aid, frequently abolishing agencies or transferring their responsibilities. On occasion it reached for compromises that pleased no one, such as its support for both programmed and non-programmed assistance and regional and functional offices. The report failed to clear the air in terms of pointing the way for the new administration.

Even though the report did not give Kennedy the basis for major decisions in the foreign aid area, it was necessary to push ahead with manning the second echelon in foreign aid. At least there was no longer any necessity for holding back on appointment of an Under Secretary of State for Economic Affairs. For some time it had been rumored that Ball himself was to be offered a high post in the new administration. Since he had headed up a study of foreign economic policy and had great interests in this area given his government and legal experience, it occasioned little surprise when on January 11th it was announced that he was the new Under-Secretary for Economic Affairs.

The Ball back force report came into the Bureau of the Budget's International Division in early January and was given a comprehensive review. There was less than enthusiasm. General opinion was that it was good in pointing up the problems that must be faced in foreign aid, but only fair in proposing solutions. By the time Director David Ball assumed his responsibilities, Robert Macy, the Chief of the International Division, was well prepared to discuss the strengths and weaknesses of the report with him. BOB still had major responsibility in developing foreign aid proposals for the President's consideration. The first meeting of the National Security Council under President Kennedy had charged BOB with the development of recommendations on foreign aid, in effect confirming the decision Eisenhower had made on the 604 study, and in addition calling for a set of recommendations. Given the interdepartmental aspects of foreign aid and the

problems of organizational structure, BOB was a natural choice. The Ball task force report contained recommendations, but the difficulty facing David Ball at this juncture was that it had come in too late, after the major appointments had been made, and did not necessarily represent the thinking of the new appointees directly involved nor had it been cleared with them. Furthermore, the report did not seem to be an acceptable blueprint for action without modification.

A number of informal meetings were being held among BOB staff members, especially involving Macy, Staats, and Barrett, along with Richard Neustadt, acting as a special consultant. At one of these meetings late in January, Barrett argued that what was needed was to take the 604 study and the alternatives it outlined and get the reactions of the new team. There were only ten or twelve major decisions to be made, and a person enjoying the confidence of the President could go around to the new cabinet members and others directly concerned and come up quickly with recommendations to the President. BOB could then work out the details. The idea was received favorably, but its execution depended upon getting the right person. Neustadt was the obvious choice, but he indicated that he could not become that involved. A good alternate was not in sight.

For some weeks, the two Balls, David of BOB and John, Deputy Mutual Security Coordinator in State, had been in communication. They knew each other well from Pakistan days. The Budget Director was thus well acquainted with Ball's ideas as to what shape the new look in foreign aid should take, and also aware of the resources available to Ball through John Ball's MSP Deputy Coordinator's office. Given the previous agreements with the President, Sorensen, and Rusk that State and the Under Secretary for Economic Affairs should be given the responsibility for coming up with recommendations, and given the fact that Ball, who had headed up the task force, was Under Secretary and also Mutual Security Coordinator, it seemed logical to the BOB

director that Ball be designated as the man in charge with coming up with a proposed program.

Ball had been very active from the date of his appointment in convening an informal group to discuss foreign aid. He took with him into his new office of Under Secretary George Springsteen and J. Robert Schuetzel. Given their respective experience with the task force reports on foreign economic policy and the State Department and their intimate acquaintance with Ball, both were of considerable help in organizing these discussions and they participated actively. John Ball, Henry Owen, Jacob Kaplan, George McGovern, Joseph Blater, and James Grant were the most active participants in the early weeks. Bowles and Rostow were in and out of a few of the meetings; BOB was not represented.

The meetings had been going on for a full two weeks before the new directors of ICA and DIF were appointed, on January 25th. Because there was no certainty of what form the foreign aid organization would take, the tenure of each man was uncertain. Even though ICA was the major foreign aid organization, the main initiative in bringing about reorganization was already in the hands of Ball, not Labouisse. Labouisse did not go to the President either before or after his appointment to clarify either his tenure or his role in reorganization, nor did the White House clarify the points, a failure which in later days was to plague him, and which was criticized widely, particularly in retrospect, in ICA, State, and the White House. However, it was quite contrary to his manner to demand such clarification. Born in New Orleans some 56 years previously, he had something of the Southern gentleman about him, modified by his Princeton and Harvard education. A quiet man of impressive bearing, he had practiced law a dozen years before joining the Department of State in 1941 where he served until 1954. His involvement in economic policy and foreign aid was great, and at high levels, especially in regard to Europe. There followed four years as director of the United Nations Relief and Works Agency for Palestine. At this juncture,

Eisenhower had wanted him to become director of ICA, but he turned this aside. Later, he became a consultant to the International Bank for Reconstruction and Development. The New York Times in a biographical sketch characterized his effectiveness: "Much of his strength apparently comes from the direct, genial, and above all gentlemanly approach he uses in all his associations." (January 26, 1961, p. 8:3.) He was a man whom everybody liked as a friend.

Frank M. Coffin was in no position to obtain a firm guarantee of his future role in the aid program. A former Congressman, he had been defeated in a race for the governorship of Maine in 1960. The DLF was not in the center of the foreign aid picture as much as ICA, and in any event consensus was pretty much forming on the desirability that it be abolished and consolidated with ICA. Most probably, he could look forward to heading up the office or unit dealing with capital loans in the new agency. The top level appointments affecting foreign aid were completed with the announcement on January 31st that Harold F. Linder, previously associated with the Bingham group, would become the new EXIM Bank President and Chairman of the board.

The agency that Labouisse now turned to lead had continued its interest and activity in the new aid proposals throughout January. An informal group considering alternative proposals had become increasingly active, comprised of Grant, Ohly, Grady, Fitzgerald, and Cooley. Grady, 40, a graduate of Catholic University, had spent much of his time in security work, first with the FBI and later with the Air Force. He had been Deputy Director for Management only since February, 1960. In contrast, Dr. Dennis A. Fitzgerald at 57 was recognized as the man with the most experience in foreign aid among ICA's leadership group. A Harvard PhD, he had specialized in economics and agriculture, serving with the Brookings Institution, USDA, and, since 1948, with the foreign aid agencies. Heading the Food and Agriculture Division for a time, he became Deputy Director for Operations in 1953, and since that time had had control over the important line regional offices and,

more recently, over the technical services or functional offices as well. James Cooley was special assistant to the Director, and had only recently arrived.

The members of the informal group were not especially impressed with the Hall task force report, even though some of the recommendations, such as those on the internal structure of the aid agency, were a lot closer to their thinking than many other current proposals. Crady's management group in ICA drew up an ICA modification of the Hall task force recommendations during mid-January. The organization chart appeared to be an expanded ICA, labelled Economic Development Administration, an agency within State but administratively self-sufficient. Significantly, after January 1964, the agency was to be provided over by the Under Secretary for Economic Affairs. Six deputy administrators were envisaged--one each in charge of regions, development loans (to ICA), peace corps, technical services, management, and planning and research. No mention of the economic policy coordinating council was made. Recovery programs were to be the basis for economic planning.

Crady's office, too, was quick to react to the implications of the Hall task force report and the appointment of the new Under Secretary for Economic Affairs. A shortened version of the December 1st paper was put out on January 15th with the same title, "A Proposal on Foreign Aid Organization." Just as the earlier paper had done, this one strongly urged a unified aid agency, with DCF, USAID, P.L. 480 (part), UNICEF (part), and other functions. The proposal for a Department of Development Cooperation was now qualified; it was an alternate solution. Among the passages appearing for the first time in the January 15th draft were the following:

At the present, as a minimum the new agency should report officially to the Secretary of State with a greater degree of autonomy in administrative program implementation than is presently accorded either the ICA or the DCF (a reference to John Bell's office). The Under Secretary of State for Economic Affairs should be responsible for formulating national strategy in the international economic field and seeing that the broad line of operations by the aid agency is consistent with these policies.

Of equal importance with the improved administration and implementation of the aid program that would result from a responsible unified aid agency is the fact that it should permit the Office of the Under Secretary for Economic Affairs to become for the first time the effective instrument for formulating and coordinating the broad international economic strategy which is so urgently needed. Under the existing fragmented structure the Under Secretary and his immediate staff are compelled to spend the overwhelming proportion of their time in dealing with details--with tactics rather than strategy, with the trees rather than the forest. . . . (Such a situation) only serves to make virtually impossible the development of an adequate strategy for development assistance, for involving the other developed nations, for developing a major solution to our balance of payments problem, for international commodity stabilization, etc.

The January 23rd memorandum was specifically prepared for Ball and the members of his staff, and several copies were forwarded to him.

A few days later, on the 27th, another think piece came from the informal group, initiated in Grant's office (largely authored by John B. Robinson in the planning division) and discussed with Grady and his group in a meeting. An organization chart, "Development Cooperation Administration" (not department) together with four pages of "Notes on a Possible Proposed Organization of the Development Cooperation Administration" was tentatively circulated among the other members of the informal group for their reactions. The Under Secretary for Economic Affairs was designated as administrator of the agency. The labels contained in the explanation were significant, also, since in March they were to plague John Ball. The deputy administrator in charge of the regions was to have jurisdiction over "plans and programs" and the determination of requirements. The deputy administrator in charge of the functional offices was to have jurisdiction over "development operations" and program execution. With such concepts, the division of responsibility between functional and regional units was at best vague. One of the main reasons for that was that ICA was strongly opposed to any semi-autonomous lending institution such as the DLF favored, and it was being careful to make the integrated functional units appear as powerful as possible, consistent with unified regional offices. The ICA position was supported by some powerful arguments: this degree of integration was necessary to permit the orderly

development of country programs both by the host countries and by the aid agency; such integration would reduce interagency rivalry, promote flexibility, emphasize social and educational development, provide less confusion to host countries, and be economical of central overhead services.

The DLF also reacted to the recent events. Toward the end of January, State's office put out a new version of its proposed organization chart, showing the Under Secretary for Economic Affairs heading up the new aid agency, which was largely a holding company for two quasi-independent sub-units, a Development Credit Corporation and a Development Services Administration. Planning and staff services and liaison with military assistance and multilateral agencies were vested in smaller offices reporting to the Under Secretary. DLF's arguments for the holding company were that it would obtain more resources, facilitate the transfer of EXIM development lending functions, lead to more rapid decisions, obtain more Congressional support, be subject to less political pressure, facilitate liaison with Ball, facilitate relations with countries that prefer loans, and facilitate relations with multi-lateral lending agencies such as the World Bank.

Proposals continued to be made from outside the informal groups within ICA and DLF, also. In mid-January, Robert L. Oshins, formerly with the foreign aid program and at the time director of research for the Democratic National Committee, issued "A Proposal for a New Approach to Foreign Aid." It indirectly questioned the assumption behind most all thinking on aid re-organization up to this point: that a consolidated agency of necessity had to be a huge organization, undertaking nearly all the overseas operations itself. Picking up a theme that both the Bingham group and Milliken had touched upon, Oshins argued that most of the operations abroad could and should be undertaken through private groups. The United States should "consciously move away from the monolithic 'government only' pattern which so largely characterizes our present program." The principal role of the new aid agency "would be to plan, stimulate, coordinate, and, to the extent

necessary, to subsidize operations by other and more suitable U.S. organizations."

About the same time, Stanley Andrews, one-time acting director of TCA, began submitting various drafts of his suggestions for a new aid agency, especially through his friends and contacts in ICA such as Ohly, Grant, and Cooley. "A Free World Development Act," dated February 1st, found its way to several offices. Robert L. Eberenson, recently returned from being director of USOM in Yugoslavia and Libya, issued "A Report on the Foreign Aid Program" on February 24th. It was not as comprehensive or written from as broad or high-level a perspective as the other proposals, however. Members of Congress were also making ad hoc comments or lengthy reports on foreign aid. The second week of February, Senator Ellender of Louisiana summarized the findings of his recent investigation; among his recommendations were that military aid be ended to nations with dollar surpluses and that most economic aid be shifted to the United Nations.

John Bell's office was intimately affected by the Bell task force and appointment, as well as by other Kennedy appointments. Fundamentally, Bell was a political realist as far as the top structure of the aid agency was concerned; structural arrangements would have to be worked out with and under whomsoever the White House designated. After the appointment of Bell, both the Bureau of the Budget and Bell's office tended to consider one matter settled: the new aid agency would be within State, and Bell would play the key role. A separate cabinet-level department was out. Within the new aid agency, Bell saw one of the key issues being how far the President was going to support what some had termed the Rostow line, namely, that economic development should be the only, or almost the only, purpose or objective in foreign aid. Bell was very favorably disposed to economic development as an objective, and he wanted increased emphasis on it. But in his experience as mission director and in Washington, he had come to feel that political and

military objectives in foreign aid of necessity often overshadowed economic and social ones, and were paramount in many countries.

Another Ball position was to view technical assistance and its project approach with a great deal of skepticism. The mere sending of technicians abroad would generate project requests, he felt, but not necessarily the ones that the host country would sincerely back. The host country should be forced to provide how it would allocate aid money for which it was applying--whether for visiting technicians from abroad or for development grants or loans, for example. Such a position led Ball to want to isolate the technical services of ICA from the other parts of the aid agency or at least to de-emphasize them, and brought him into conflict with Grant and others. It also brought him in opposition to the administration's announced desire to give greater emphasis to social and educational assistance. He did not hesitantly oppose common overhead services and unified field office and missions for the several functional parts of the agency as did many in USAID, but they were not central to his thinking and so he swung back and forth on these matters from January to March.

The new administration had come in with the assumption that a new organization and new legislation was needed. Ball believed that the fundamental thing that the program needed was more people and more money. New organization and legislation were ways to get more people and money, but the push for them was based purely on public relations grounds, and it should be viewed as such. Existing legislation was surprisingly flexible, contrary to common belief. The Kennedy team, he perceived, while recognizing the political support factor, took the organizational and legislative changes too seriously, not keeping their eyes on the major objective. His contacts with them to date were not encouraging on this score.

As the weeks passed, Ball's assessment of his own position relative to the aid agency became clearer. While the several interested parties aside from the Under Secretary's office began to think of Ball as both administrator

and coordinator of foreign aid, Ball had a different idea. He had in mind using Labouisse as a deputy for the program. This seemed to him to be a workable plan, especially since he had been in on the selection of Labouisse. It would free him for his important, and to him more attractive, responsibilities as Under Secretary. As he viewed it, he would be responsible for policy, while Labouisse would be responsible for operations. As Ball and Bell came to know each other better, the latter joined the argument, contending that authority without operating responsibility was unrealistic.

Thus the Ball task force report and Ball's first weeks in office did not serve to unite or forge a compromise among the ICA-DIE-Agriculture-State-BOB points of view. And with the appointment of Labouisse, Coffin, and Kinder, the informal meetings convened by Schuetzel for Ball were becoming somewhat more sticky. Ball no longer could deal with persons just at the staff level, but instead, given his position, had to negotiate with the new heads of agencies. For a short time, he hoped to carry off the negotiations by himself with the heads of each of the agencies, but the negotiations with them were promising to be long and drawn out. It became clear to Ball that he would be in a stronger position to forge a compromise with agency heads and cabinet members if the initial work were done at a staff level than if he continued direct negotiations. The same was true of David Bell and White House officials; their positions would be strengthened by advanced staff work. It would also allow Ball more time to devote to foreign economic policy.

The difficulties of operating at a high level came to a head on Sunday, January 29th, and Tuesday evening, the 31st. The meetings were chaired by Ball, but John Bell and his staff had done most of the background preparation. John Bell led off the Sunday meeting with extended remarks that he felt would help some of the newcomers become acquainted with the actual problems of carrying out the program. Much of the criticism of foreign aid agencies, he pointed out, was unwarranted, for it focussed on policy considerations that had not been the province of the aid agencies. Many such policies had

been laid down by the President, the National Security Council, and other high-level groups. For example, it was popular to criticize foreign aid because of too great an emphasis on the military, diffusion of aid among too many recipients, too little emphasis on development, too great on welfare, too much susceptibility of the United States to "blackmail" by aid recipients, and indiscriminate support of political systems. These were policy decisions made above the aid agency level, and reorganization of aid agencies would have little effect on them as such. There was a need for greater financial support, more people, longer-range financing, additional coordination among the several aid mechanisms, and alteration of emphases in the program. Changes in legislation to accomplish these ends could be made very simply, and need not require basic new legislation. Similarly, only moderate changes in aid organization need be made. However, to satisfy Congress, perhaps more drastic legislative and organizational changes were required. Whatever course was pursued, there was not much time. Congressional presentation had to be preceded by consultation with many groups, and, in the meantime, the programs themselves had to be kept going. As for his own preferences, if reorganization was going to be the theme, consolidation could be achieved on two bases. One possibility was the melding of all portions of the program together under strong regional offices and country desks (i.e., breaking up the functional units and distributing them among the regions) so that priorities for each country could be established. This he viewed as unwieldy and inefficient, and would require too many people. The best bet, he felt, was to provide meaningful over-all policy guidance and establish sub-organizations which could be small enough and coherent enough to be effective. Military assistance in the past was one example. For the future, technical assistance personnel, program, and mentality should be separated off, left to the UN or to a separate administration. Then an economic development agency should be established which would be concerned with the broad resource management and

government policy of a recipient country rather than the detailed uses to which aid was put, which had characterized technical assistance.

The Sunday meeting was inadequate for examining the problems of aid agency organization in detail, and so a second meeting on Tuesday evening, the 11th, was set aside for this topic. To facilitate the discussion on organization, Reubin Sternfeld prepared a series of organization charts that would illustrate the major alternatives. Sternfeld was a young specialist in administration brought over from the International Division of BOB only a few months earlier, and now special assistant to John Bell for presentation and reports. Rather than taking the hypothetical and rather general ones set forth in the 60th report, Sternfeld had more detailed charts drawn that represented several of the major proposals that had been pushed by one or another group. Altogether five charts were prepared, one illustrating the organization prevailing at the end of the Eisenhower administration and four illustrating suggestions for change. Actually, the "Organization for Foreign Assistance (Current)" gave a rather liberal impression as to the Under Secretary's role relative to military assistance and the activities of the DAF at the end of the Eisenhower administration; the role was substantially less than a quick glance at the chart might lead one to conclude (see Chart 4). In addition, of course, the chart took no account of the modifications introduced by the Kennedy administration by separating the position of general Under Secretary (Boules) from that of the Under Secretary for Economic Affairs (Bell).

In preparing charts illustrating suggestions for change, Sternfeld and Bell had dozens of choices, given the many proposals set forth since the election. However, with the designation of the new Secretary, Under Secretary, and Under Secretary for Economic Affairs, discussions such as that of the 11st were increasingly marked by an assumption that the Under Secretary for Economic Affairs would be the administrator of the foreign aid program. Consequently, all four charts showed the Under Secretary (if they were from

reports made before Ball's appointment) or the Under Secretary for Economic Affairs (if they were from reports made subsequent to his appointment) as the administrator. Also, all four proposals were for a consolidated agency.

Beyond these points, the four charts had little in common. One represented the Owan-DIF position as developed in a moderate form in late 1960 with an economic development administration and a social development administration each having their own overhead services, country desks, and separate field missions (see Chart 5). P.L. 480 was attached to the former, the Peace Corps to the latter. Military assistance was under the Department of Defense. The Under Secretary of State was to coordinate economic, social, and military aid in Washington; the ambassador was to do so in the field. In some respects the proposal was far more moderate than the extreme banking position. It did not envisage a corporation or a bank, no board of directors was indicated, and in addition to making loans, the economic development administration was to make grants as well as extend technical assistance in engineering and related fields.

To complement the DIF concept, Sternfeld and Bell selected a proposal emanating from TCA (see Chart 6). The suggestion for a Development Cooperation Administration was the product of the informal group within TCA which heavily involved Grant's office along with help from Grady's and others. The only one of the four proposals to provide the Under Secretary with a general deputy administrator, it included common overhead services, country desks, and field missions for the entire organization, as well as central offices for industrial development, institutional and social development, and the development cooperation corps (peace corps). A deputy administrator for plans and programs was to supervise the regional offices and program planning unit, in addition to providing coordination with P.L. 480, military assistance (which remained in the Department of Defense), and multilateral assistance.

The other two charts provided for an Overseas Development Administration, and with variations were somewhat similar to the two alternatives the Ball

TEAM Force on Foreign Economic Policy had considered. The proposed inter-agency advisory council on foreign economic policy was to assist the Under Secretary in either case. In the one instance, unified and strong regional offices and country desks were proposed to be in charge of regional and country programs; they would have on their staffs technical and general expeditors, but the main body of functional experts would lie outside, in centralized offices for technical services, loans, etc. The other alternative was lean in the ICA and more in the DIF direction, and was very reminiscent of the Hillman plan and the Kaplan paper (see Chart 7). Four directors would be in charge of the four main sections of the organization: a capital development corporation, support and emergency operations (including P.L. 480), technical cooperation and social development operations, and military assistance. The first three of the units would make use of common overhead services, but would have their own regional offices. Central staffs for mission support and priorities and allocations were provided. In the field, there would be a single mission, but strong functional bias with Washington would prevail. Military assistance would be administered by the Department of Defense, but the plan called for more meshing of it with other aid than did any of the other suggestions.

The Tuesday evening meeting on January 31st was attended by Hall, Bell, Coffin, McGovern, Rostow, Labouisse, and a few members of their staffs. Three of the five charts elicited the most interest: the ICA, DIF and the second of the Overseas Development Administration proposals, which was represented as a compromise between the other two (it provided common overhead services and field missions). Bell introduced the charts with a short explanation. The discussion that ensued was restricted to the internal structure of the aid organization; the role of the Under Secretary for Economic Affairs was not discussed. The session, like some of the other meetings, had its overtones of bitterness. Coffin forthrightly laid out the DIF position. The banking form must be retained, he contended, and in this

connection none of the alternatives were exactly what he felt was required. However, he thought that the Owen-DLF chart was strong in proposing separate organizations overseas. Loans must be emphasized more than in the past, and long-term borrowing was needed. Also, he felt that the merging of the DLF and FIM Bank's development loans was important for a unified banking program. He was especially critical of the ICA proposal. In retrospect, the ICA representatives at the meeting could see one reason why: there was no place for a former DLF director in the ICA proposal except as head of Industrial Development, three levels below the Under Secretary. This also symbolized to Coffin the downgrading of a function that he considered should be central to the new agency.

Grant was vigorous in defending the ICA approach, even though he was caught by surprise that the Development Cooperation Administration chart was unfolded before the group. He pressed for a consolidated agency, with both centralized regional and functional offices, like ICA then had, even though the tide at the meeting was going against him.

The meeting gave Bell an opportunity to further expand his views. As he had indicated on Sunday, he felt strongly that technical assistance and social development should be heavily insulated from the mainstream of development, which he saw in economic, and especially in loan, terms. While he subscribed to the theory of strong regions, (even with dividing functional offices among the regions), in practice he found that it would not work out since it would require additional good personnel and they simply were not available. Nevertheless, he placed emphasis on a country by country approach. He supported the "compromise" plan, with its four directors and mission support and priorities and allocations staffs.

McGovern said little during the meeting, and in fact there was no direct discussion of agricultural surpluses that evening. Rostow did not take a positive stand on the organizational issues nor reveal White House preferences. Rather, he advised the group not to second-guess the President; the

President would decide the political requirements in the foreign aid field in any event. The group should simply come up with recommendations it considered best. On the other hand, he engaged in some second-guessing himself: long-range borrowing authority was important if adequate funds were to be forthcoming from Congress.

Ball was quiet during the evening, although he expressed opposition to the DIF-EXIM partial merger. From his standpoint, the meeting was inconclusive. Hathaway then being far ahead on the road to recommendations to the President, he had merely participated in a meeting where the conflicting views of Coffin, Grant, and Ball were further accentuated. The conflict took on additional dimensions the next few days. On February 4th Coffin sent a memorandum to Ball summarizing his ideas. "A New Look in Foreign Aid Organization." A substantial piece of staff work, the memorandum outlined the need for more continuity, flexibility, and "more effective orchestration" of the United States effort, and country programming by the countries themselves. More loan funds were thus urgently needed, and the requirement of an identifiable, soundly operated lending institution, followed. Consequently, foreign aid should be administered through two quasi-autonomous organizations, a development services administration and a bank for economic development reporting to the Under Secretary of State for Economic Affairs who would provide coordination and also handle the defense support and other miscellaneous aid activities. It was a restatement of the long-held DIF position.

Grant, too, had his preferences reinforced by the two meetings. He was determined not to back down, although he was unhappy with the fact that Coffin had found out about the ICA plan, and, most of all, as a surprise in a group meeting rather than being informed directly. Labouesse prepared no memorandum, preferring to proceed more slowly and cautiously, but the several members of the ICA informal group were all the more certain of their own position.

The following day, February 1st, Ball, John Ball, Scheetz, Boston, and Macy among others attended a meeting in David Ball's office. The topic was what strategy to pursue in developing foreign aid proposals for the President. It was apparent to all the participants that the questions that had to be tackled were organizational, legislative, and program in nature. On organization there were four principal problems: What would be the relation of the new foreign aid agency to the Department of State? What would be the role of the Under Secretary of State for Economic Affairs relative to the new aid administrator? How inclusive would the consolidation of foreign aid agencies be? How integrated would the new agency be--a mere holding company, a balanced functional-geographic approach, or emphasis on regions? The major program problems were the relative emphasis to be placed on the different parts of the program, and the number of dollars or size of the program that would be allocated to it. Legislatively, two decisions were required: what would be the nature of the long-range financing requested and in how many pieces of proposed legislation--one, two, or several--would the program be presented to Congress. The time pressure was great, since the President desired to present his ideas to the Congress in message form as the first step, followed later by specific proposed legislation, and have it considered and passed so that with the new fiscal year implementation could occur.

Those attending the meeting concurred that there were some givens: it was agreed that reorganization was needed among the foreign aid agencies, that the legislation needed simplification, and that a new philosophy should infuse the program. As among the three or four alternatives discussed the night before, there was no consensus. The discussion turned especially in the direction of examining the compromise and holding company alternative, with a technical cooperation and social development administration and a development bank grouped together in a single agency, and with Ball's office providing foreign policy coordination and direction.

Little progress had been made in finding solutions to the problems since the new administration had taken office. Rather than starting with the Ball task force report as a point of departure, nearly all questions remained opened and were avidly debated. Some way had to be found to jell the situation. David Ball let it be understood that he considered aid re-organization to be primarily of concern to Hall. However, given the state of negotiations at the moment, it seemed best if staff work were emphasized, rather than top-level negotiations. An informal inter-agency staff group was called for, although the ultimate result should be Ball's thinking, not the committee's.

The decisions were reached. Ball and Springsteen, with help from John Ball, were to try to draft a document suitable for the President that could be reviewed by the interested parties. Secondly, for continuing contact with the paper drafters, representatives of interested agencies would constitute an informal group. In practice, this group was not the high-level persons participating in the late January meetings. It was not Coffin, Labouisse, and Linder, but McLaughlin or Gordon, Grant, and others in the second or third echelons who attended. Agriculture, Treasury, Defense, State, EAM, DLE, ICA, Budget, and White House were all represented from time to time. BOB and the White House also participated actively in a clearance capacity from time to time, such meetings usually being held at the White House or the Bureau. Here, David Ball, Macy, Sorensen, Goodwin, Neustadt, Galbraith, Bundy, and Rostow played occasional roles, but almost never did all of them attend the same meeting nor any of them all meetings. Symbolizing his somewhat augmented role as well as the role of BOB, John Ball as early as February 3th sent a memorandum to the BOB director on "Harmful Provisions in Mutual Security Legislation," pursuant to the latter's request.

February. The new Ball-Springsteen-John Ball group turned at once to the complicated task of trying to come up with a proposal that could be submitted to the President, with some measure of support from the several

interested parties. The Hall task force report and the discussions of the last few weeks were the main bases upon which they built, supplemented by the many other papers available. The work was divided among Springsteen and Hall's office, and during the first two weeks following the February 3 meeting, Schaeffer and Springsteen, particularly the latter, played an active role in drafting and redrafting a proposal along with Hall's assistance. Ketchum had contributed the term Growth for Freedom, and in the short space of two weeks, there were three separate drafts of the Growth for Freedom memorandum that achieved substantial distribution. Meeting upon meeting, conference upon conference, and innumerable small pieces of paper were concentrated on the subject. As soon as the typists finished one version than another was being prepared. Long hours, seven days a week were required for the effort. The hope was that the new Growth for Freedom Administration could be put into effect by July 1.

The first Growth for Freedom draft provided for the Under Secretary for Economic Affairs as the Foreign Aid Coordinator. It was he who was to provide liaison and coordination with the regional bureaus of State, also. Various staff services, including research, were spelled out. Under the heading "plans and programs" four regional offices plus one for multilateral programs were located. "Operations" was the label attached to Food for Peace, physical resources development corporation, human resources development, and the Peace Corps. In the second draft, research was broken out for additional emphasis and an Economic Development Institute for research set forth. Food for Peace was given separate treatment, appearing in a liaison position rather than just another operation under the administrator's control. The Peace Corps was also tied more closely to human resources. Furthermore, a separate fund for each of the major program operations was envisaged.

The third draft on February 14th continued much the same organizational arrangement, but spelled out the funding more extensively (see Chart 8). The Fund for Economic Growth, which was to include development loans currently

made by the EXIM Bank, and the Education and Human Resources Fund were the heart of the proposal. Separate funding for the Peace Corps and the Economic Development Institute was also suggested, while transitional, sustaining, emergency, and agricultural surplus funds were to be a responsibility of the administrator's office. Separate military and economic assistance legislation was proposed, a position widely backed by the several interested parties. The proposal was a modified version of the "compromise" solution discussed January 31st.

As the first three drafts were circulated, waves of criticism descended upon them and their authors, and especially upon Ball's office, since the role of Ball was not yet as important as it was about to be. The DLF found the suggestions unhappy because they did not separate out the banking function sufficiently. Consequently, it came forth with a Growth for Freedom Administration organization chart that placed a capital development bank off to the side, reporting only to the administrator, not his deputy. It would have been headed by a managing director reporting to a board of directors composed of the administrator, his deputy, and the bank director. In no way would it have used any services in common with the rest of the Growth for Freedom Administration. Specifically, it would have its own supporting and technical services. On February 12th Coffin expressed strong misgivings about the direction of the early drafts. Integration like this could mean a step backward, he insisted, since it was too much a compromise between a functional and regional approach to organization.

ICA had also been closely watching the various editions of the Growth for Freedom Administration paper. The ICA informal group was scathing in its criticism. There were two major objections. First, the functional type of organization proposed was contrary to ICA practice and preference. The fact that the regional offices had not even been placed in the organization chart indicated to ICA that the framers of the report were far from accepting the necessity of unified regional offices and country desks as the action

units, balanced by centralized technical services and functional offices with reviewing power. Secondly, the entire effort seemed amateurish to them. To Grant, Grady, Ohly, Coslay, and Fitzgerald, it seemed incredible that at this late date the foreign aid memorandum for the President should be in such an amorphous, ill-thought-out form. Even a casual glance at a current ICA organization chart would reveal many items that had been left out of the Growth for Freedom papers, or perhaps had not been thought through. Some of their objections were discussed with John Bell when he dropped in to a small ICA conference on the paper on Saturday the 18th.

Rather than launch a direct attack on the papers, Labouisse proceeded indirectly and discreetly. In meetings, conferences, and conversations with those working on the paper, he raised a series of questions to illustrate the difficulties he felt were inherent in the current line of thinking. In addition, he wrote to Bell that the paper "contains much with which I readily agree and can wholeheartedly support. I believe it contains the basis on which we can form a new integrated and more effective Foreign Aid Program." Among the strong points, he felt, were the consolidation of aid functions in a single agency; the inclusion of research, the Peace Corps, and surplus property utilization; demand for new legislation with fewer restrictions; proposed authority to borrow from the treasury for dollar loans; long-term authorizations; and the need for a career service.

Labouisse continued, "I have identified several issues which I feel need resolution. These are listed below, together with my suggestions for resolution." Six points were made. The paper had proposed that coordination between the military and economic programs be vested in the Under Secretary for Economic Affairs. Labouisse suggested that it be placed in the office of the administrator of the Growth for Freedom Administration. The paper had made specific provision for the administrator to approve program proposals for all types of aid other than loans. Labouisse suggested that loans, too, be covered in this proviso, so that unified country programs could be

developed. The paper and organization chart had omitted consideration of regional offices. "Field missions must be supported by an adequate regional staff at headquarters," Labouisse urged. He therefore proposed that under the general deputy there be a deputy for program coordination who would supervise regional offices and program formulation. The paper implied that separate appropriations would be sought for each of the various categories of assistance (an extension of the Kaplan idea), but he felt a single appropriation was essential, with authority for the administrator to transfer among the several categories. He also suggested the elimination of a separate administration fund, such costs to be absorbed without limitation in program funds. While he welcomed the paper's stress on a career service, he underlined the necessity of making it separate from the foreign service because of the distinctive personnel problems of foreign aid, including the greater stress on entry at intermediate and senior levels. Labouisse attached a proposed organization chart in which human resources, physical resources, Food for Peace, Peace Corps, and program services were the main units aside from his proposed deputy administrator for program coordination. The chart was an adaptation of the January 27th Development Cooperation Administration proposal of Grant, Grady, and their colleagues to the Growth for Freedom Administration papers.

The Bureau of the Budget and the White House were not taken with the direction of the first three drafts. The International Division of BOB had made an extensive analysis of the proposal, and raised a series of questions on the proposal's legislative, funding, and organizational implications. On legislation, the Bureau questioned the wisdom of P.L. 480 being a part of a new single piece of foreign aid legislation, although it approved of separate military and economic assistance bills. As for funding, it was uncertain that the economic growth philosophy behind separating transitional and sustaining aid was sufficiently cogent in administrative terms; the two kinds of aid were probably not separable in practice. The Bureau continued its

opposition to treasury borrowing which it thought unnecessary and politically unwise. Organizationally, the proposal was most confusing. The relation of the Under Secretary for Economic Affairs to the State bureau and to military aid was not adequately indicated. The status of Food for Peace and the Peace Corps remained uncertain. The position of the economic development institute in the chart was anomalous, to say the least. Staff and programs services appeared tacked on at the bottom of the chart and no indication of policy toward regional offices or country desks was apparent. Even the role of the Under Secretary toward the Growth for Freedom Administration seemed in need of more definition, although BOB was pleased that the administrator of the agency was now a position separate from that of Under Secretary, a decision David Bell had pressed hard for. However, there still remained the question whether it was desirable to separate the job of directing the foreign aid agency from that of coordinating its activities with State, Defense, and others. If the two were combined there might be less confusion and a higher quality man might be attracted to the office of administrator.

The White House disagreed with BOB on the funding, but was most impatient because the need for a foreign aid message to Congress was growing with the passage of each day and the Growth for Freedom Administration was far from being a completed piece of staff work at this point. To date, even the basic organizational relationships, let alone the funding and legislative proposals had not been completely thought through. As a whole, the White House reflected more interest in and support for technical assistance and social development than was provided in the paper.

The positions of BOB and the White House were made clear at a meeting in Goodwin's office on February 15th. Chaired by Sorensen, the meeting included Goodwin, David Bell, Macy, Ball, Springsteen, and John Ball. Consensus of the meeting was that the paper did not provide a basis for a memorandum to the President.

The criticism of the first three drafts was so vigorous that another try was urgently needed. This time, both Howles and Ball felt that John Bell should be given the major responsibility. Over the last month John Bell had become more and more acquainted with Ball enough so that he now was more confident of his relations with him and was not as dependent on Springsteen for interpretation of Ball's approach. Ball had not known John Bell previously, and it was natural in the early weeks that he should rely on his two task force associates. A number of factors combined to place Ball in the leadership position by mid-February. Ball's office of necessity was busy with many other aspects of foreign economic policy, and Ball and Schatzel had spent more and more time on these and their concern with the Council on Foreign Economic Policy. Ball had begun to be impressed with the complications of the foreign aid program and the tremendous amount of time it would take to introduce changes in it. Furthermore, since the efforts of Ball's office in foreign aid had not been fruitful up to now and since Ball was, after all, Ball's deputy for Mutual Security Program coordination, it was natural to turn to him. His long association with the program at home and in the field, his mastery of its many details, his previous work for Dillon, and his acquaintance with David Bell were important assets. Ball had built up a staff that included several persons who could render effective help, such as Kaplan and Sternfeld.

Ball and Bell discussed the alleged shortcomings of the third Growth for Freedom paper, and decided that a sharp change was called for. Additional precious time had slipped by, and the President was still waiting for his basic memorandum on foreign aid that could be the basis of a message to Congress and subsequent action. Therefore, time was of the essence and in the space of five short days, including Saturday and Sunday, he and his staff turned out a thorough revision, complete with new organization chart, which was distributed on Monday, February 20th to the informal interagency group that Ball, in effect, now headed (see Chart 9).

The new draft was a lengthy one, and far more polished and specific than the previous three versions. It continued the Growth for Freedom emphasis upon loans as the center of the foreign aid program; they were to be greatly increased, while grants were tapered off. The role of the Under Secretary for Economic Affairs was once again reduced. He no longer was to serve as overall supervisor as in some earlier drafts, but to provide foreign policy guidance, plus coordination with military assistance. Within the Growth for Freedom Administration, several changes had been made. A strong general deputy was emphasized. Five offices labelled "operations" were provided: Food for Peace, Peace Corps, development lending and capital projects, education and human resources, and program services which included various management services together with commodity and government surplus property functions. Most important of all, a single set of regional offices had appeared, labelled as "plans and programs." Operations were to have a veto over action by the regional offices. As a whole, the organization chart looked much cleaner than previous versions. Staff services were placed toward the top of the diagram, and the economic development research staff had clearly become a staff office.

The DLF partisans were most unhappy. Not only had the extreme banking position been rejected, but also the functional independence or holding company idea. ICA language on the division between functions and regions had been adopted. In short, a strong swing back to the regions was evident. They found the proposal highly unacceptable, and once again marshalled their forces.

The proposal met many of the criticisms of the Bureau of the Budget and ICA, yet neither were entirely satisfied. To ICA, the general regional emphasis, the position of the Under Secretary, and the appearance of the organization chart were much improved, compared to previous drafts, at least. Labouisse turned to Cooley for an analysis of the proposal. In a written memorandum to the ICA director, Cooley pointed out that although there were

many fine things about the proposal, there still were a number of aspects of it that gave cause for worry. The regional heads should not be subject to veto by the functional directors. The central emphasis on loans was wishful thinking; much aid must continue to be on a grant basis. While a consolidated agency was good, the EXIM Bank should be allowed to retain its development lending function for political reasons; more money would be forthcoming from Congress in this way, and in any event, EXIM had its strong supporters. As for P.L. 480, no change was necessary to accomplish administrative reorganization, since the President could place Food for Peace in the new agency by executive order. However, ICA was not unified on this point; Fitzgerald wrote a letter to John Bell which on balance supported the inclusion of P.L. 480 in aid legislation. Cooley also argued that the Office of Inspector General and Comptroller for Mutual Security should be abolished, since the new aid agency should have its own inspection and evaluation function. Research should be a part of human resources, he felt. And there still was a need for someone to coordinate the regional offices below the level of general deputy. Finally, he raised a series of questions. Just what was the function of the assistant administrator for multilateral functions? What was the relation of the Peace Corps to the human resources unit? What was the relation of human resources to the educational and cultural affairs activities of the Department of State?

At the same time that John Bell was assessing the reactions to the fourth draft, a last minute major effort was being made in ICA to come up with a proposal that, hopefully, would answer the President's needs, but at least would give Labouisse the best thinking of his staff and which he could use effectively in his contacts with John Bell, Bell, and the President. When the February 20th draft of the Growth for Freedom Administration came to Labouisse, he turned to Grady, asking him for his reactions. Labouisse explained that it appeared that a consensus was developing, but that the entire exercise was highly confidential and that Grady should not show the

paper to anyone else. Grady reacted strongly. He felt the whole proposal lacked sophistication in organizational terms. The amateurs had had their day; it was now time for the professionals to tie up the package. Risking his very position by ignoring the orders of his superior, he called in his staff on Tuesday, the 21st. He explained that the "inner group" had come forth with a Growth for Freedom proposal, that a consensus might be forming, and that the proposal was simply completely short of the mark. While the program concepts contained in the Growth for Freedom paper would probably stick, Grady felt that his staff should see what it could come up with in regard to organization. A crash job was needed before the situation solidified any further. The utmost secrecy was required, because if suspicions were aroused it might be fatal for the project and for Grady. Working in Washington without detection was out of the question, but it was equally untenable to send any large number of staff members away from Washington, since they would be readily missed. The decision was to select a few staff members to go to the hideaway retreat for a few days and return with a completed draft. John R. Mossler (budget), Harvey D. Brown (personnel), Arthur M. Hughes (program methods), and William L. Parks (special assistant) were chosen to go, under the chairmanship of Parks. Parks, 45, a graduate of Holy Cross, had been with foreign aid since the ECA days of 1948 and by 1956 had become assistant director of the office of management planning.

The next day, the 22nd, the four went off to the hideaway and, in accordance with instructions, used the Growth for Freedom program assumptions as a basis for constructing a detailed statement of organization and procedure for the new agency. They returned on Saturday the 25th, and Grady asked them to stay with the assignment for a few days in order to polish the manuscript up. A few other staff members read the text and offered suggestions, and the completed document, processed, stapled, and with an attractive blue cover was ready within a week.

On Saturday, March 4th at 5 PM in the afternoon Crady and staff made the "Blue Book" presentation to Labouisse and the IOA informal group. Fitzgerald, Grant, and Cooley were present; only Chily did not make the meeting. The oral presentation was handled by Parks and his group. The Blue Book itself--formally entitled "Draft Operational Plan; An Integrated Foreign Assistance Agency"--was given to Labouisse. He was surprised and amazed, and asked when and how all this had been done. While he was non-committal as to the recommendations set forth, he did not hide his pleasure and appreciation of an excellent job of completed staff work carried out under truly crash conditions.

The Blue Book was a complete operational plan, as its title suggested. It assumed that the administrator of the program would have the rank of under secretary and be the fourth principal officer of the Department of State, ranking immediately after the Under Secretary for Economic Affairs to whom he would report. The latter official would coordinate military and economic aid. The foreign aid agencies would be consolidated into one organization, called the Economic Development Administration, including DLS, IOA, the P.L. 480 programs and Food for Peace, the Office of Mutual Security Coordinator, the Inspector General and Comptroller, the Peace Corps, and even some of the training programs of the International Educational Exchange Service of the Department of State. EXIM development loan functions were separately discussed, and their consolidation with other aid activities was also recommended. Emphasis on long-term planning, research, the host country program, "primary" line authority to geographical units, long-term authorization, and an agency that would be administratively self-sufficient were other assumptions of the operational plan. In systematic detail over the course of 326 pages, the Blue Book outlined in text, diagrams, and tables the organization (see Chart 10), functions, program development and approval procedure, program execution, activities of overseas missions, personnel system, legislation, and manpower and funding requirements of the new agency. Also

Included were a long series of statements outlining the functions to be performed in each sub-unit and personnel needed for each such as the number of supergrades. The Blue Book was a comprehensive, solid, concrete piece of work built upon specified assumptions underlying the Kennedy administration's approach to foreign aid. It was the only complete plan ever turned out by the management unit of ICA. Its degree of specificity was not to be reached again until June in the process of aid reorganization.

It received only limited distribution. One DLF officer characterized it as a kept secret. Coffin received a copy and was impressed. The Blue Book had included a Board of Directors of the Economic Development Loan Fund and this accorded with his own thinking and that of the DLF in general. Toner of the DLF felt that on the whole it was a good job, especially since it would disrupt existing ways of doing things the least at the same time that the new objectives were embraced. A member of the White House staff also reacted favorably. Time was slipping by and the White House was anxious to obtain a finished plan. However, Grady was in no position to press the White House for the acceptance of the Blue Book as a substitute or replacement for the Growth for Freedom paper. Labouisse did not press the matter, either, although he used the book in some of the conferences during the following two weeks. The Blue Book never diverted attention from the Growth for Freedom exercise; it was far too late and, officially, the initiative was not with ICA anyway.

For some time, John Ohly had seen a need for a restatement of the major issues in foreign aid and the factors that would be important to take into account in resolving them. With such a statement, a more orderly process of decision might be facilitated, leading to an early set of proposals for the President. He began preparing a paper, but never had an opportunity to finish it before events outran the need for it. In an incomplete form it was issued on March 7th, "Organization for Foreign Aid--the Problem Viewed in Perspective." Copies were distributed to the ICA informal group. Nine

major organizational issues were identified: consolidation of economic aid agencies, the coordination of unconsolidated economic aid agencies, relation of all aid agencies to general foreign policy, coordination of economic aid with military assistance, relations with the programs of other countries and multilateral agencies, relations with the cultural exchange programs of the state, relations with the regular domestic agencies of the Government, relations with the efforts of the private community, and the internal organization of the consolidated economic aid agency. There followed a list of some 24 factors that might affect the decisions on these points. The importance of some of these relations was being more frequently discussed elsewhere, as well. For example, a report by two members of the Stanford Research Institute recommended that new relations with the 50 state governments be developed in the technical assistance area, to strengthen the use of their resources.

The same Saturday (February 25th) on which Farkas and his group were returning to Washington, Ball and John Ball were briefing Rusk and Bowles on the progress made to date in preparing the paper for the President. Most of the discussion was devoted to the February 20th draft of Growth for Freedom and the organization it set forth. The Secretary of State suggested that the organization chart did not present a clean, clear line of authority from the head of the agency, through the regional offices, and out to the field. He wanted a more prominent place in the chart for the regional offices, and this could be done by moving the units labelled "operations" to one side, removing one layer. Similarly, the position of the Under Secretary for Economic Affairs and of the Department of State's regional bureaus seemed poorly represented. The chart was redrawn by Sternfeld and cleared with Roger Jonas, Rusk's Deputy Under Secretary for administration.

The following day, Sunday, Ball and Bell spent a long session together on the February 20th draft and the changes that should be made in it. Ball himself was not pleased with the draft as it stood. It was overly long and

rumbling, he felt, and should be shortened and a series of subheadings with numbers introduced. The sentence structure needed simplification, too. In addition, both agreed that a number of changes, some in the form of compromises, would have to be made. Ball dictated and redictated partial drafts of sections of the report during the conference. As a result, during the following week Ball tried to finish the memorandum. On Tuesday he sent Ball a proposed four-page summary along with the longer report, with various changes. A second version was sent two days later, on Thursday, March 2.

March. It was not until Saturday, March 4th, that the final edition of the Growth for Freedom Memorandum for the President was completed. Formally entitled "Plans for the Reorganization of Foreign Assistance, Decade of Development," it was a thick report, with summary, the main section, and several annexes. The body of the report reflected many of Ball's revisions. Annex B, on organization, was largely the work of Ball while Annex C, on the funding plan, was principally the contribution of Kaplan.

The body of the report began with a long exposition of the present organization for foreign aid, together with the existing arrangements for coordination. Foreign aid was deficient because of diffusion of responsibility, legislative patchwork, ineffective policy control, short-term financing, administrative barnacles, loss of public support, lowered morale, confusion abroad, and inadequate concepts of aid. Among the conceptual requirements of the new program were aid tailored to the differing stages of development (Rostow's influence), aid not based on the receiving country supporting American foreign policy, long-term authorization, coordinated and planned program in the receiving country (all three early Kennedy positions), and aid for a variety of purposes, not just for economic development (Ball's influence).

The various aid agencies should be consolidated, except for military assistance, which should be kept separate in legislation and administration. All foreign aid, military and otherwise, should be subject to the foreign

policy direction and control of the Secretary of State, exercised through the Under Secretary for Economic Affairs, but the economic planning and programming functions of the Mutual Security Coordinator and the Office of the Inspector General and Comptroller should be transferred to the administrator of the new agency. In accordance with this plan, the Under Secretary was moved out of the direct line on the organization chart for the first time since January and the Department of State regional bureaus were shown in a position of mutual consultation with the regional offices of the Growth for Freedom Administration (see Chart 11). In accordance with Rusk's desires, the center of the chart was confined to the administrator, his general deputy, the regional offices, and the field staffs which were responsible to the ambassadors; the "clean lines" were provided from this point of view. Obscuring the clean lines were some addenda on the chart. According to them, each regional office "plans, programs, and directs" while the several "operational services," the same five as in the previous draft, executed approved programs. It was explained that the geographically oriented staff member must recognize, appreciate, and utilize functionally-minded staff and vice-versa. The relation between regional and functional office was still vague. A development career service was endorsed, either within or closely allied to the foreign service.

Three "questions for decision" were raised, along with proposed answers although they were recognized as tentative, depending upon Congressional reaction and administration desires. The desirability of public debt authority to finance development loans was tentatively favored. The EXIM Bank's development loan authority was considered best left alone. Whereas the P.L. 480 authority of the new aid organization should be greatly enhanced, it was thought that it should remain a separate piece of legislation.

As for funding, the report recommended a new but small allocation for development planning and research; a huge fund for economic growth (replacing the current money for loans and presided over by a bank-type corporation and

board of directors from within the organization); a modest education and human resources fund (replacing the former technical assistance and part of the special assistance categories); and smaller amounts for transitional assistance (for countries not yet qualified for development loans), sustaining assistance (for purposes of political and economic stability, not development), and emergency aid--respectively replacing defense support, part of special assistance, and the contingency fund. Multilateral aid would continue, and an appropriation for the peace corps be added. Separately, a huge food for peace appropriation would be sought.

The March 4th document was a compromise in regard to the regional and functional office relationships. It represented a partial swing back of the pendulum in regard to the role of the Under Secretary for Economic Affairs. And it was based upon some political assumptions that had neither been confirmed nor denied by the White House in regard to the inclusion of the Peace Corps and Food for Peace.

Normally, Secretary of State Dean Rusk transmitted the Growth for Freedom paper to the President on March 6th in a short covering memorandum. However, before the President could act upon it, clearance with other interested agencies was of course necessary. Sorensen's office had pressed upon Hill and Bell the necessity of coming through with a completed draft or the foreign aid message would have to be written without its benefit. With the President's approval, a foreign aid message had been scheduled for the week of March 13th. In anticipation of the completion of the Growth for Freedom document, Goodwin's office had arranged for a meeting in the Fish Room of the White House for the purpose of reviewing the recommendations on Monday, March 6th. Because the final draft was not completed until late Saturday, it was necessary to deliver copies of the report to the homes of those invited to the session on Sunday morning. This occasioned no little inconvenience, especially since the heads of the respective agencies were obliged to contact their staff members who were accompanying them to the

meeting to share their sole copy. And little time for reflection and analysis was available.

The meeting was a large one. Sorensen chaired it; he was the person with the responsibility of drafting the President's message on foreign aid. Goodwin, Rostow, and Dungan were other White House attendees, as well as Professor Lincoln Gordon. Dungan's interest stemmed in part from his responsibility to help identify qualified persons for the top political posts in the aid organization. From the Bureau of the Budget, both David Bell and John Kiser were present. State was represented by Bowles, Ball, and John Bell. ICA by Labouisse and special assistant Herbert Waters, Treasury by Dillon, ERM Bank by Linder, the DLF by Coffin, Agriculture by three of Freeman's top aides in foreign agricultural problems, Dorothy Jacobson who was a special assistant and long time political associate of Freeman's, John Duncan, assistant secretary, and Robert C. Tetro, administrator of the Foreign Agricultural Service; Freeman himself was out of town. McGovern, Food for Peace director, attended, as did Shriver, director of the Peace Corps. Commerce and Defense also were represented.

John Bell made the presentation, supplemented by Ball. Charts, including one depicting the proposed organization, were used to illustrate. The discussion that ensued indicated that there were many reservations about the Growth for Freedom Paper. Dorothy Jacobson, speaking for Agriculture, said that it had a program and policy interest in foreign aid and that it did not see its role confined to declaration of surpluses and preparing them for shipment abroad. Agricultural surpluses were intimately inter-related to all problems of American agriculture, and they, in turn, were intertwined inextricably with the food and agricultural problems of the world. Furthermore, Congress viewed P.L. 480 as an agricultural program, falling within the jurisdiction of the agricultural committees, and primarily administered by the USDA. It was important to keep it in Agriculture and then push ahead on a more positive surplus disposal program.

McGovern and Shriver were quick to notice that the Peace Corps and Food for Peace were rather buried in the proposed organization, and they reacted negatively. McGovern was hesitant to speak out because of the delicate nature of his position relative to State, ICA, and Agriculture; he later wrote a memorandum expressing his views. Shriver, on the other hand, plunged vigorously into the fray. He did not want the Peace Corps in the new aid agency. He was not impressed by the necessity of neat organization charts. More fundamentally, the Peace Corps required top level people to lead it if it was to succeed, and that caliber of man simply could not be attracted to an organization submerged at a low level within a mammoth agency. The Peace Corps would also need a flexibility of operation that would be denied it in a consolidated and integrated organization.

The meeting adjourned without the fundamental differences being resolved, but with each agency having had an opportunity to express its point of view. Sorenson, very capable of getting the sense of the meeting, had a clear idea of the major problems that would of necessity have to be laid before the President for resolution. A meeting was scheduled with the President for the heads of the several interested agencies on Monday the 13th, and the intervening week was used by the several parties to further refine and promote their respective points of view. John Bell, Schuetzel, and Springsteen went to David Bell's office to discuss some of BOB's feelings.

The Bureau of the Budget was concerned on four points. David Bell did not like the lack of clarity in the division of responsibilities between the regional and functional offices. After discussion, the terminology was changed and the legend "Operational Services--executes approved programs" was replaced by the simple "Resources Staff," and thus the line agencies were clearly no longer in line administration.

Neither the Bureau or the White House was satisfied with the role of the Under Secretary for Economic Affairs, feeling that the responsibilities given to him by the March 4th report were more properly divided between the

administrator of the new aid agency and the Secretary of State. The pendulum had swung completely. The decision was quite acceptable to Ball. He had never wanted line responsibility for the aid program, and when the White House said that it could not be divided from authority, he was willing to accept the decision and its consequences. The principal reason he had not taken the initiative in clearing the matter up was that he did not want to appear to be rejecting a request from the White House to do a job.

As for EXIM, the Bureau of the Budget and others were not sanguine about getting its development loans program transferred to the new agency, but they felt that, at the least, EXIM should accept policy direction on its development loans from the new agency. Linder agreed to such a compromise.

For some time, BOB had been frankly skeptical of the need and wisdom of borrowing from the Treasury for development loans. Development loans had been State's approach since January. Around the middle of February, the International Division of BOB came up with an alternative: long-term commitment authority. In March, the two Balls and their staffs got together to discuss this matter. In the end, neither side was convinced, although the BOB Director indicated that the Bureau would accept State's decision, but thought it unwise.

George Ball was contacted by the President's Science Advisor, Wiesner, about the unhappy location of research in the March 4th report. He had been working with a panel of experts on research on the development process, including among others, Max Millikan, and they felt that research should be organizationally emphasized in the new aid agency. To meet this suggestion, a separate research staff was provided.

Finally, the term Growth for Freedom Administration had not gone over very well. This was of small moment to Ball or others. No one was really excited about any of the proposed agency names. There had even been a certain amount of joking about various titles and the initials they might

bring to the agency. By the third week of March, the organization chart reflected all these changes (see Chart 12).

The meeting on the 13th was also in the Fish Room, and was chaired by the President. Attendance was similar to that of a week earlier, except for lesser representation of agencies by staff members. It was a high-level meeting. Rank and McGeorge Bundy attended. An unexpected drop-in guest was Mrs. Eleanor Roosevelt. One by one the major issues were tackled. The relation of the administrator to the Under Secretary of State for Economic Affairs was ratified by the President in the open meeting; the Ball position was not to repeat the Dillon role of Mutual Security Coordinator. Also ratified was the consolidation of ICA and DLF, with strong regional assistant administrators and not quasi-autonomous functional units. The EXIM Bank was to be left out. Even though the Ball task force report had reconsidered its inclusion and BOB and others had mildly supported the switch, by this time no one vigorously championed its inclusion because of the political problems involved in securing Congressional support of loans at an adequate level and Congressional friendliness toward EXIM. Authority for borrowing from the Treasury for dollar-repayable development loans was decided upon. This decision was anticipated in December by the Kennedy-Fulbright statement, and a February 16th meeting of the President with David Ball, Ball, and Coffin. It was a political decision on several counts. Long-term financing was needed, and this was one way of securing it without continually going before Congress. The lesser demands upon Congress for appropriations would be helpful for supporting the program at a high level of expenditures, and it would be a distinct advantage for the administration's friends on the Hill facing re-election, such as Senator Fulbright, not to be plagued during election years with the necessity of fighting a large foreign aid battle. Finally, even if borrowing authority were not finally approved, it might prove to be a magnet attracting most of the criticism which would facilitate the rest of the legislative package.

The sticky decisions proved to be P.L. 480, Food for Peace, and the Peace Corps. In regard to all three the President's decisions were purposely vague and fuzzy. As for P.L. 480, he pointed out that it was necessary to have food surpluses a party of country programming by the new aid agency; he was not abandoning the central concept of unified country programs. However, it was also necessary to have any changes in the authorizing legislation handled by the agriculture committees in Congress. As for appropriations, an aid bill including P.L. 480 funds would simply look too large; and the amount of money obtained from Congress would be far less than if it were handled outside the aid package. There was widespread agreement with the President's decision; e.g., John Bell, McGovern, and Agriculture concurred. These decisions side-stepped some thorny administrative problems relative to the responsibilities of State, Agriculture, and the new aid agency.

McGovern presented a case for enlarged responsibilities for his office. He argued that it should be located in the White House, not in the aid agency; only if this were assured would there be sufficient prestige behind the program and only from such a position could he hope to coordinate Agriculture, State, and the new aid agency. Furthermore, he asked for more of a role in P.L. 480 activities. He wanted functional authority, not just a promotional role. Agriculture and State were both opposed to this idea. In fact, both viewed McGovern's office as an unnecessary, early decided-upon, political carry-over from the Eisenhower administration. The President denied McGovern's request for more power, but said that he would entertain a memorandum on where the Food for Peace office should be located.

Shriver presented his case for a Peace Corps in a softer tone than he had used a week earlier. He preferred it separate, since men of real breadth of vision were needed, but he would agree to any decision the President would make. The question of whether the Peace Corps would be in or out was left hanging, but Shriver had built a base for seeing the President separately on the issue. Pending later decisions, Food for Peace and the Peace Corps would

be considered a part of the new aid agency, as provided in the Growth for Freedom paper.

In retrospect, the President looked back upon the events since December with mixed feelings. The attempt to get a policy before major appointments were made had not succeeded. After the administration was in power, seven weeks had elapsed before a complete set of proposals had been presented to him for action. However, the seven weeks had been used to hammer out compromise among the various interested parties, and as a result, the meeting of the 13th had gone along rather easily, except for the Peace Corps and Food for Peace issues. The administration was now in a position to push ahead for implementation. The time seemed to have been well spent.

A series of hurried small meetings during the next few days ironed out a few details here and there. David Bell was especially busy. On Tuesday he met with John Bell, Macy, and his newly arrived staff member, Kenneth Hansen. Hansen, just returned from Iran where he had been chief of party of Harvard's planning commission project, financed by the Ford Foundation (as Bell himself had been chief of party in Pakistan some years earlier), had arrived to assume the post of Assistant Director of the Bureau of the Budget, in charge of international affairs. The President's message and steps necessary to implement it were discussed. The following day, Wednesday, David Bell talked with Sorensen about the desirable content of the foreign aid message, and on Wednesday he consulted with the President on foreign aid. Given the major organizational, program, and funding changes, BOB was deeply involved. Both State and BOB recommended to the President that the new aid administration not be responsible for State-Defense relations connected with military assistance.

Agriculture had been very occupied the last ten days helping draft the President's agricultural message. Dorothy Jacobson had the initiative in preparing the draft. It was not clear until March 13th that the President favored keeping the authorizations and appropriations out of the aid agency

legislation. However, now there was a positive decision to make: should the P.L. 480 program be an integral part of the agricultural message? Agriculture felt strongly that it should be, and it was included in the draft sent to the White House. The argument was simple: P.L. 480 would have more support both in and out of Congress if it were associated with an over-all farm program. The White House and the President were convinced, and on March 16th a "Message from the President of the United States Relative to American Agriculture" was sent to the Congress. No mention was made of the administration of P.L. 480, but a request was made for an additional authorization of two billion dollars for Title I sales for the 1961 calendar year under the Agricultural Trade Development and Assistance Act of 1954, permanent Title I increases, increased contributions of food and fiber to voluntary agencies under Title III, and extension of the act for a period of five years. The recommendations paralleled those of the Task Force on the Overseas Food Program. As for his role in P.L. 480, McGovern bided his time.

The Peace Corps was in a far different position from the USDA. It was a tiny, new agency without any authorizing legislation, without much structure, and without many set procedures. It was having to carve a position for itself out of bedrock. Already it had been the subject of three reports. The first to be completed was the task force report of Professor Max Millikan. A second report was made on February 26th, when the Colorado State group sent its conclusions to Congress, fulfilling the 1960 Congressional request that such a study be made. Shriver endorsed the report, which set forth a general outline for a Peace Corps program and concluded it was both feasible and desirable. A few days later Shriver made his own report to the President, and on the basis of it the President issued an executive order on March 1st establishing a Peace Corps on a temporary, pilot basis. On the same day, he sent a message to Congress on "The Establishment of a Permanent Peace Corps." "To meet this urgent need for skilled manpower" in underdeveloped countries, the President said, a Peace Corps was being proposed, to work largely but not

entirely through grants and contracts. The organizational references in the message were vague. "This temporary Peace Corps is being established under existing authority in the Mutual Security Act and will be located in the Department of State." "U.S. operations missions (ICA field units), supplemented where necessary by special Peace Corps teams, will consult with leaders in foreign countries" to determine where programs should be set up.

On March 4th, the President finally announced that Shriver had been appointed director of the Peace Corps. At the same time, the key leadership group that had been recruited by Shriver was also identified. Thus throughout February and early March, the Peace Corps was in a very weak position to defend its desired autonomy, save in one particular. It had an energetic and capable person giving direction to the effort who was the President's brother-in-law.

Once established, Shriver had to turn to the Mutual Security Deputy Coordinator, John Bell, for funds to run the program temporarily. The first such allocation was made on March 15th. At the same time, work on permanent authorizing legislation was pushed. The General Counsel of the Peace Corps talked with the International Division of BOB about whether legislation separate from the foreign aid bill could be sought. The Bureau took a negative attitude as did the White House, and on March 22nd in a meeting in Goodwin's office of BOB, White House, State, and Peace Corps personnel, it was decided that the Peace Corps authorization would be in the foreign aid legislative package.

John Bell found that the pressure of his work had not let up even though the March 4th exercise was now complete. As early as January he had talked about the desirability of a task force focussed on foreign aid. He had in mind quite a different thing from the Ball task force on foreign economic policy. Not only would the work be confined to foreign aid, but the task force would largely be concerned with implementing the policy decisions already or about to be made. As the weeks of February passed by, he was

more and more convinced that something of this nature would be required. Those working on the Growth for Freedom paper constituted a small group that could not possibly be expert in all phases of foreign aid. On many points, especially those of detail, they were not sure of themselves. The fact that they were a small group had consequences for the support, or lack thereof, that the proposals might receive. The public, Congress, and representative groups of the bureaucracy and the administration needed to be brought into a massive effort at developing the details, selling the changes, and taking the initial steps toward implementation.

On February 20th, Ball wrote a memorandum to Ball entitled "The Job Ahead." He pointed out that there were two phases of the work to be done. Phase A was to help the President make decisions on new concepts of aid, the dimensions of the funds to be requested, the general outlines of legislation to be sought, and a proposed new aid organization. This phase was well advanced, and the Growth for Freedom paper could be the basis of an eventual restatement or Presidential message. Phase B involved the essential follow-through. Arrangements would have to be made to administer the existing program during the transition, proposed new legislation would have to be drafted, a Congressional presentation made, a new organization outlined in detail, and then the nucleus of the new organization set in motion. For Phase B, Ball suggested that Ball should chair a general strategy board with five task groups (representing the five tasks to be performed in Phase B) and a general secretariat.

About the same time it was becoming apparent to Ball that Ball did not want to have responsibility for the aid agency. Under such circumstances, it would not be appropriate for him to head up such a group. Still worried about the job of implementation, Ball wrote another memorandum to Ball on March 1st, this time labelling it "Battle Plan." The next step, he argued, was to develop the fiscal year 1962 foreign aid program and presentation for Congressional consideration. The permanent administrator of the new aid

agency should be put in charge of preparing the program and presentation, so that he could develop the plans for which he later must take responsibility. The task should be divided into six parts: draft legislation, Congressional presentation, program concepts, organizational concepts, executive recruitment, and public relations. These were spelled out in some detail, and names of various people who might work on each part of the undertaking were added.

A series of informal conferences about the proposal between Bell and Bell and their staffs ensued, and some days later Springsteen sent a memorandum to Bell with copies to Bell and Schuetzel; subject: "Battle Plan on Foreign Aid." He had taken Bell's memorandum of March 1st and converted it to a step-by-step procedure. Step 1 would be the policy decisions made by the President. As step 2, Bell would designate Labouisse to head up an implementation group. Since this would be a full-time job, Labouisse should designate Fitzgerald as Acting Director of ICA for the interim period. Step 3 would be the creation of the six task force sub-groups by Labouisse, as outlined by Bell previously. Several names were again suggested for each major assignment.

Finally, the public relations side of the effort was spelled out. The week of March 13th the President would send his foreign aid message to Congress. A week later, a public support group would be formed. At one week intervals, top administration spokesmen beginning with the President and including five cabinet members would make major speeches on foreign aid. This would be followed during the week of May 8th by a national conference on foreign aid sponsored by the public support group, and hearings before Congress would begin the week of May 15th.

As the President's message was taking shape, Bell wrote another memorandum, "Plan for Implementation of the President's Message to the Congress on Foreign Aid." It was similar in nature to those that had preceded it. The task force would be a small not a large group, working for implementation of the message rather than further questioning the basic decisions. It

suggested five "task forces" rather than six; draft legislation and Congressional presentation were combined as one assignment. The efforts of these five task forces should be coordinated by a central steering committee, under the administrator of the new aid agency, presumably Ishouisse. More names were thrown into the mill.

Following the second Fish Room meeting, Bell talked with some of the members of the White House staff. They were of the impression that with the President's message on foreign aid imminent, State now had the green light and could push ahead rapidly. Bell explained at some length that there was a long way between a foreign aid message and defending before Congress a worked out legislative proposal based on the message's concepts. Gradually, the White House came to appreciate the size of the task that lay ahead, and Bell explored his idea for a series of task forces under Ishouisse.

To Sorenson and Goodwin fell the task of drafting the President's foreign aid message. They had only a few days in which to do it. The second Fish Room meeting had been on Monday the 13th, and, hopefully, the message was to go to the Hill on the 20th. Before it could go up, clearance was necessary with at least some of the interested parties in the White House, BOB, State, and ICA. The first draft was completed on Friday afternoon, some of the offices getting copies then and some on Saturday morning. As Ishouisse, Fitzgerald, Cooley, Grady, and Chiy read the draft on Saturday morning they were greatly disturbed. They felt that the entire tone of the first portion of the message was super-critical and demeaning of the efforts made in the past. It was as if pages had been taken from The Ugly American. "Our existing foreign aid programs are largely unsatisfactory, unproductive, and unworthy of continuation." "The program has long required but never achieved a genuine career service, attracting high-caliber men and women capable of sensitive dealings with other governments." After the draft reviewed some of the many shortcomings, it engaged in a rhetorical conclusion, "The easiest course under these circumstances is to terminate the program in

disgust and dismay." The substance of the proposed message followed the March 4th report, although not as closely as it might have. Some of the major positive concepts seemed lost. The ICA leadership felt that the morale implications of such a statement would be so serious that the organization would never recover from it.

The recipients of the draft began to get in touch with each other and their senior staffs and early Saturday afternoon the five from ICA plus John Bell, Kaplan, Sternfeld, Springsteen and Schuetzel gathered together to discuss the situation. It was a long afternoon. Robert Macy came over from BOB for a short while, and all were in accord that the best strategy would be for the Bureau to prepare its own proposed revision. In the end, it was agreed that Bell would do a redraft for State and ICA and the group would meet again in the morning. Bell worked all night, and by Sunday morning he had completed a rewrite. He had eliminated all the fighting words and phrases. In addition, he incorporated more of the March 4th report approach, particularly in pointing up the shortcomings of present arrangements and in outlining the new concepts that should underlie the foreign aid program. He included a section about the many different purposes of aid, economic and non-economic, and strengthened the message's summary of the agreements that had been reached through the March 4th paper and the two Fish Room meetings. Given the time pressure, he could not write the "ideal" message, but he did attempt to rectify what appeared to him to be the worst shortcomings. The group met again, joined by a representative from Defense. They liked the new draft, made only a few changes in it. Rusk was leaving for the West coast that day, but took a draft along with him and read it on the plane, communicating his general approval after he arrived. That afternoon after retyping it was sent to the White House.

The Sorensen draft arrived in the Bureau of the Budget about mid-afternoon on Friday the 17th. It was accompanied by a request that comments on it be sent back by the close of business on Saturday. A quick review of the

document brought forth the same reaction from all those who read it: it took the wrong tack. It was negative in tone, whereas a ringing positive statement was called for. In the words of one of the staff, "It beat a dead horse." Secondly, it was not organizationally clear; it did not seem to present a distinctly etched picture of the new aid agency, its powers, and funding. A weekend session on the draft was indicated.

On Saturday, the principal senior professional staff of the International Division headed by Macy and including four others, gathered in an all-out effort to rewrite the draft message for White House consideration. The new Assistant Director, Kenneth Hansen, who had just arrived that week, found this his first baptism under fire. Richard Barrett, author of the 604 study, was brought in to help on passages connected with organization of the new aid agency. The group had the comments of David Bell, the Director. W. W. Rostow of the White House also had received a copy of the draft and felt that substantial changes should be made. He contacted BOB and came over from time to time with partial redrafts of sections that from his point of view required rewriting. It was impossible to meet the Saturday night deadline, and the work continued on into Sunday. Throughout the period, comments and drafts were passed back and forth between the BOB in the old high-ceilinged Executive Office building and John Bell's office some blocks away in the modern, efficient New State building. By Sunday evening, a complete redraft had been worked out, and it was carried over to Sorensen's office in the White House.

The Bureau's draft varied sharply from the original version. The evils of the present system were only lightly touched upon. Particular stress was placed upon the key concepts that should underlie foreign aid. Organizationally, the Bureau draft strengthened the description of a consolidated agency within which a geographical emphasis would predominate. David Bell, Barrett, and the Bureau generally had pushed in the geographical direction throughout the last few months.

As soon as the reactions became apparent, Sorenson and Goodwin knew what any hope of a message on Monday the 20th was out. Instead, a meeting was set up on Tuesday with the President and the major interested parties to review the final draft of the foreign aid message. In going over the comments and rewrites they had received, Sorenson and Goodwin had mixed feelings. They were quite prepared to spell out the details of the organization and program more fully and precisely and even to insert a strong section on the new concepts that should underlie the program. However, the sensitivity of State, ICA, and even the Bureau of the Budget to the slashing attack on the present shortcomings was quite another thing. The language was simply a somewhat more forceful and detailed version of the changes that the President had made during the campaign. And the administration had come to power on a program that called for new legislation, program, organization, and personnel in the foreign aid field. Amidst a host of other activities, they turned to do a second draft.

The 21st began with a breakfast held by Bowles for the House and Senate Republican leaders at which John Bell outlined the new aid organization and program. It was essential that key Congressional leaders be briefed on the character of the foreign aid message before it was sent up. The President had talked with the Democrats himself, but he had left the briefing of the Republicans to others. The contact between Bowles and Bell was useful for another purpose. Bowles was to be present at the meeting with the President that day, and Bell related the events of the last few days so that Bowles could be fully current with the situation.

As the hour for the appointment with the President approached, Bowles, Bell, John Bell, Labouisse, David Bell, Hancock, and a few others assembled outside the President's office. After some minutes, the President asked them to come in even though Sorenson and Goodwin had not yet appeared. Shortly thereafter, carrying some papers in their hands, Sorenson and Goodwin entered the office. The second draft had just been completed a few moments

before, and the President was now handed a copy. Turning to the assembled group, he asked them if the proposed message was satisfactory. ICA, State, and others had expected an advance copy but it never came. However, Goodwin assured the group that their ideas had been taken into account, but when the situation was made clear, the President began to read a page or so out loud, since he had the only copy. Sorensen and Goodwin had rewritten the proposed message substantially, but they incorporated a watered-down version of the attack on the status quo in the first few pages. As luck would have it, these were the first paragraphs that the President came to. A number of the fighting words remained, and a rather uncomfortable feeling overtook the group. Labouisse expressed his opinion as to the reaction such language would have on the morale of ICA employees. Others put forth similar reservations. The President readily concurred, and, turning to the authors, he said that it would be necessary to change these passages; otherwise the effect on dedicated people in foreign aid would be unfortunate. The main body of the second draft was approved with minor suggestions. Sorensen and Goodwin returned to their offices to modify the first portion of the message.

In retrospect, it was obvious to the participants in the meeting that it would have been preferable if the early embarrassment in the meeting could have been avoided. Sorensen, naturally conscious of his position of confidence with the President, had been put in an awkward spot before the group since he had not anticipated the President's reactions. So had Labouisse, since he appeared to be defending the status quo. The meeting did not serve to cement the relations of Sorensen and Labouisse.

What had gone wrong? Some of the hearsay gossip in ICA had it that the message was written by persons who did not know what they were writing about. John Bell had the feeling that to some extent the events of that day represented a failure on his part to communicate adequately with Sorensen during the long weeks of February and early March. Sorensen and Goodwin, swamped with many assignments for the President, had been unable to follow closely

the discussions in regard to foreign aid since the first days of the administration. Most of the White House contact had been with Rostow. Consequently, the point of view of those who had been active participants had diverged significantly from that of the two White House staff members. Sorenson and Goodwin still relied heavily on the position of the administration as it was in the election and pre-inaugural periods. And Goodwin, particularly, had begun with considerably less acquaintance with foreign aid than the other members of the inner group, such as Rostow or those from the Bureau of the Budget, State, ICA, or DLP.

The message was sent to the Hill on Wednesday, the 22nd. It was a long statement. It opened on the theme of a need for change in program, organization, legislation, and personnel:

Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the sixties. . . .

For no objective supporter of foreign aid can be satisfied with the existing program--actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes, many of them now obsolete, inconsistent, and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

The program requires a highly professional skilled service, attracting substantial numbers of high-caliber men and women capable of sensitive dealing with other governments, and with a deep understanding of the process of economic development. However, uncertainty and declining public prestige have all contributed to a fall in the morale and efficiency of these employees in the field who are repeatedly frustrated by the delays and confusions caused by overlapping agency jurisdictions and unclear objectives. Only the persistent efforts of those dedicated and hard-working public servants, who have kept the program going, managed to bring some success to our efforts overseas. . . .

In the face of these weaknesses and inadequacies--and with the beginning of a new decade of new problems--it is proper that we draw back and ask with candor a fundamental question: Is a foreign aid program really necessary? Why should we not lay down this burden which our Nation has now carried for some 15 years? The answer is that there is no escaping our obligations.

The President then outlined at length the world obligations and opportunities that confronted the nation and the role of the foreign aid program in meeting and taking advantage of them.

The new set of concepts and principles for foreign aid was set forth in detail:

1. Unified administration and operation--a single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.
2. Country plans--a carefully thought through program tailored to meet the needs and resource potential of each individual country. . . .
3. Long-term planning and financing. . . .
4. Special emphasis on development loans repayable in dollars. . . .
5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make other efforts necessary if these are to reach the stage of self-sustaining economic growth.
6. Multilateral approach. . . .
7. A new agency with new personnel--drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the Nation.
8. Separation from military assistance. . . .

The organizational proposals were a restatement of the agreements that had been reached to date. A single consolidated agency was to be established, including the activities now in ICA, DLF, the food-for-peace program (P.L. 480) "in its relations with other countries, while recognizing its essential role in our farm economy," the local currency (P.L. 480-generated) activities of EXIM, the Peace Corps "recognizing its distinctive contribution beyond the area of economic development," the donation of nonagricultural surpluses from national stockpiles, and the foreign-aid related staff of the Department of State.

The fieldwork in all these operations will be under the direction of a single mission chief in each country reporting to the American ambassador. . . . Similarly, central direction and final responsibility in Washington will be fixed in an administrator of a single agency--reporting directly to the Secretary of State and the President--working through Washington directors for each major geographical area, and through the directors of the constituent resource units

These functions are drawn together in each national plan: a development lending organization, food-for-peace, the Peace Corps, and a unit for technical and other assistance stressing education and human resources--initiating a program of research, development, and scientific evaluation to increase the effectiveness of our aid effort; and, in addition, the Secretary of State will coordinate with economic aid the military assistance program administered by the Department of Defense, the related operations of the Export-Import Bank, and the role of the United States in the Inter-American Fund for Social Progress, and activities of international organizations.

The President continued,

Programs such as the Peace Corps and food-for-peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved--and food-for-peace will continue to be based on availabilities determined by the Department of Agriculture.

But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel, without regard to their competence. I am recommending the replacement of these agencies with a new one--a fresh start under new leadership.

The message included a budgetary note. The figures were greatly toned down from the great increases called for in the March 4th report, and were within the four billion dollars recommended by President Eisenhower before leaving office--\$1.6 billion for military assistance (down from Eisenhower's \$1.8), \$.9 billion for development loans repayable in dollars (a great increase), and \$1.5 for the balance of the program, the latter including a small increase in development grants and a reduction in sustaining grants.

The President concluded, "It will both befit and benefit us to (adopt this program) boldly. For we are launching a decade of development on which will depend, substantially, the kind of world in which we and our children shall live."

As finally sent to Congress, the message was about fifty per cent from the original draft of Sorensen and Goodwin, and about fifty per cent from the EOB and State-ICA drafts, particularly the former. It was equivocal on several matters of organization, just as the previous papers and discussions were. In these respects, the message kept the door open.

As the last draft of the President's message was being written on Tuesday, Ball acted on the suggestion of John Ball and wrote a letter to Lehoucq appointing him head of a task force to implement the President's message on

foreign aid. A few hours later, the White House found out about the action, and Goodwin called and insisted that Ball take back his letter. The reasons were not made explicit but were abundantly clear. The White House had decided that the Under Secretary for Economic Affairs should not have direct responsibility in the foreign aid field. In addition it felt that the administrator should be separated from a close relation to the Under Secretary or at least that relationship should be open for future consideration. Also, with the President appointing the task force, the White House staff would be in a stronger position to supervise the work of the task force, and this seemed important.

Thus it was that on March 22nd the President transacted a second piece of business. In a letter to Labouisse, he said, "I intend to appoint a task force" on foreign economic assistance, and "I want you to serve as chairman of the task force." The initiative had passed from Ball to Labouisse. The work, however, had just begun. And it was beginning without the assurance Ball felt was necessary--that the head of the task force should be the President's choice to head the new aid agency.

On the whole, the President was pleased with the events of March 22nd. The foreign aid message set forth a positive program for action, one in which he deeply believed. Building upon the pre-inaugural base, the message laid out the major concepts and policies of the New Frontier's foreign aid approach. After March 22nd, there could no longer be as many competing ideas as had delayed action since January. Of necessity, he had left certain organizational decisions open, but some flexibility in this area was necessary to permit appropriate future action in the light of the competing requirements and demands of members of his foreign aid team. And even on organization most of the major decisions now seemed to be out of the way.

His decision to appoint a task force, far from being a reflection of his lack of confidence in the foreign aid message, was made in order that effective implementation of the message be carried out forthwith. The

selection of Labouisse was logical. The attempt to integrate all foreign economic policy, including foreign aid, had been given up. And now Labouisse would have a chance to give effect to his ideas, a process that would bear watching since a permanent head of the new foreign aid agency was needed.

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THE REORGANIZATION OF FOREIGN AID OF 1961

Part II

THE PREPARATION OF THE PRESIDENT'S LEGISLATIVE  
RECOMMENDATIONS OF MAY 26

rough first draft

not for attribution or quotation

THE REORGANIZATION OF FOREIGN AID OF 1961, PART II

The Preparation of the President's Legislative Recommendations of May 26

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THE REORGANIZATION OF FOREIGN AID OF 1961

Part II

THE PREPARATION OF THE PRESIDENT'S LEGISLATIVE  
RECOMMENDATIONS OF MAY 26

The Organization of the Task Force

When Henry R. Labouisse received President John F. Kennedy's letter of March 22nd, 1961, asking him to serve as chairman of a Presidential Task Force on Foreign Economic Assistance, it marked a major change in assignment and role for him. Since his appointment had been announced as Director of the International Cooperation Administration (ICA) on January 25th, Labouisse had devoted his time principally to two matters, administering ICA and participating in the effort to concretize the administration's approach to foreign aid reorganization, headed by George W. Ball, the Under Secretary of State for Foreign Economic Affairs and the Coordinator for Mutual Security. The President's Foreign Aid Message of March 22nd had been the ultimate result of these efforts. Now the President was turning to Labouisse to take the leadership in translating the message into a specific legislative program, including the drafting of a bill that when passed would be a new basic legislative act for foreign aid.

The letter did not come as a complete surprise. John O. Bell, Ball's Deputy Coordinator for Mutual Security, who in the last weeks had been the principal figure for Ball in the work leading to the message, had developed the task force idea gradually over a period of a month or more. Discussion among Bell, Ball, Labouisse, and others had taken place as to what ought to be done next to help assure that a program for Congress was drawn up and the principles outlined in the March 22nd Message were implemented -- and who ought to have responsibility for these matters. One of the favorite devices of the Kennedy Administration was that of a task force, a working committee

that was to come up with recommendations in a certain area. By early March, the task force label became attached to the need for further action in foreign aid. Labouisse, as director of the largest foreign aid agency, ICA, seemed to be the logical candidate for chairman.

Shortly before the 22nd, the task force concept began to appeal increasingly to several members of the White House staff, such as Theodore Sorensen, Special Counsel, Richard N. Goodwin, Deputy Special Counsel, and Walt W. Rostow, Deputy Special Assistant for National Security Affairs. When the recommendation for a task force reached him, the President, feeling that it was of prime importance that implementation of the Foreign Aid Message should occur without delay, especially in view of the two months that had elapsed in its preparation, approved the task force proposal and sent his letter to Labouisse.

Role of the Task Force Chairman. Anticipating that either Bell or the President would ask Labouisse to head a task force, Bell had talked over the matter with the ICA director in advance. Therefore, in the first instance, it was to Bell that Labouisse turned for suggestions after being invited to head the Presidential group. Bell had detailed his ideas in various "Battle Plan" memoranda that outlined his proposal for a task force. His view was that five working groups should be created, on draft legislation and Congressional presentation, program concepts, organizational concepts, executive recruitment, and public relations, since these five areas were the major responsibilities facing the Administration at that moment, aside from keeping the existing agencies going on an interim basis. Bell had also given considerable thought to the persons who might be asked to head up each of these assignments, and passed on a number of names to Labouisse for his consideration.

As Labouisse turned to answering the President's letter, he found that both the White House and the Bureau of the Budget had already gone over the names of many persons that might be suitable for task force assignments. Sorensen, Goodwin, and Rostow suggested a number of individuals. In the Bureau of the Budget (BOB), David E. Bell, Director, and Kenneth Hansen, the

new Assistant Director in charge of international matters, were giving much thought to the task force, its structuring, and its personnel. Labouisse as well as others felt that outsiders, i.e., those outside government employment, would be the most suitable to head up various Task Force groups, especially that on organization and administration.

On Friday, March 24th, Labouisse wrote to the President accepting the assignment as chairman of the President's Task Force on Foreign Economic Assistance. He attached a memorandum outlining his concept of the job ahead and proposing persons for the main positions. For Deputy Chairman of the task force and Chief of Staff he nominated John O. Bell. Five working groups should be created, Labouisse said: one on draft legislation and Congressional presentation, for chief of which he recommended Theodore Tannenwald, prominent New York City attorney and formerly general counsel of the old Office of Director for Mutual Security; one on program principles and the development of a program for fiscal year 1962, for chief of which he recommended Frank Coffin, since January 25th the director of the Development Loan Fund; one on administrative organization and procedures, for chief of which he recommended Don K. Price, Dean of the Littauer Graduate School of Public Administration at Harvard University and former vice-president of the Ford Foundation; one on the selection of policy-level personnel; and one on public support for the program.

Upon receipt of the letter and memorandum, the White House reviewed the five working-group concept carefully. The first three groups seemed essential and to require immediate establishing. The proposed team of John O. Bell, Tannenwald, Coffin, and Price was very satisfactory, and Labouisse was therefore given the green light in regard to them. Labouisse worked quickly to complete his recruiting and on Thursday, March 30th, the President sent a memorandum to the heads of State, Treasury, Defense, Agriculture, BOB, Export-Import Bank, DLF, Peace Corps, and Food for Peace, announcing that he had appointed Henry R. Labouisse as Chairman of a Task Force "to work on the

problems of transition from existing programs of foreign aid for economic and social development to the new approach outlined in my Message to the Congress of March 22, 1961."

I have charged him with responsibility and authority to formulate programs and legislation appropriate to bring into effect my proposals, as well as to establish a new organization which will integrate the programs of ICA, DLF, the Peace Corps, and the Food for Peace Program, as described in my message.

I expect that Mr. Labouisse will be accorded the complete cooperation of the Departments and agencies concerned in carrying out the tasks that I have assigned to him.

In regard to his position as Task Force Chairman, Labouisse had received two recommendations from John Ball. Ball thought of the Task Force Chairman as the man who was going to be director of the new aid agency. Labouisse, however, was only ICA Director, and the President had never made it clear whether he expected Labouisse to remain on when ICA passed out of existence. This tenuous position concerned Labouisse a great deal, and he discussed it with Ball, Secretary of State Dean Rusk, and White House Special Assistant Ralph Dungan in addition to talking with Ball. Whoever headed the task force, he argued, should also be the administration's choice for head of the new foreign aid agency so that implementation could follow naturally, smoothly, and quickly. His conversations turned up general agreement with his position, but a lack of consensus of how to get to such a point from the current situation. The advice he received varied from suggestions that he press the issue all the way up so that a decision on his personal future would be made at once to recommendations that he give the task force a try and if he did a good job, the outcome would be obvious. A discreet, cautious, likeable, gentlemanly person, Labouisse did not want to go to the President and plead his case. The White House staff was reluctant to press the point, also, since it was uncertain as to what the ultimate answer should be, and so the matter remained unsettled.

A second recommendation that Ball made to Labouisse was that he delegate responsibility for running ICA to one of his subordinates so that he could

devote full time to the task force work. This accorded with the experience of the ICA Director to date, since he had found it difficult in February and early March to follow the Ball-Ball efforts closely at the same time he tried to get control of the large organization that was the International Cooperation Administration. The shaping of the future foreign aid program seemed to be far more important than the day-to-day running of an agency with limited life expectancy, and so with Presidential approval on March 10th Labouisse signed a delegation of authority order, giving the Deputy Director for Operations, Dr. D. A. Fitzgerald, control over ICA's activities, although the power could not be redelegated by him. Fitzgerald, in many ways Mr. ICA himself, was by virtue of his position already in charge of the four regional offices (Far East, Near East and South Asia, Africa and Europe, and Latin America) and the technical services (health, education, engineering, etc.), together by far the largest part of ICA and the most important units for planning and overseeing program operations. He had been given temporary delegations of authority by directors of ICA in the past when they had been out of town or sick, but this was the first time that the delegation had been made on an indefinite duration basis.

Despite the delegation of authority order to Fitzgerald, Labouisse continued to spend a substantial portion of his time on ICA affairs even though he did not hold ICA staff meetings. He became better and better acquainted with the agency and its personnel, and gradually developed a certain loyalty to it. He was circumspect in his comments about ICA, and at times even defensive. The predominant mood of the ICA Director was one of caution and discretion -- a mood that accorded with his personality. ICA and Development Loan Fund (DLF) personnel found themselves in agreement with him in his feeling that serious care and reflection were required, that ICA and DLF should be disrupted as little as possible pending reorganization, and that, in the long run, solutions should be reached that disturbed the existing system the least, consistent with the necessary changes. The President, the White House, and

The Bureau of the Budget tended to agree that strong action was needed in implementing the President's message, and that the action would require an uprooting of the present agencies. The uprooting itself might prove beneficial in selling the program to Congress and the public, they felt. Both in temperament and in evaluation of the situation, Labouisse disagreed with this line of reasoning.

A DLF supporter of Labouisse reasoned, "The important thing was to change the locus of power rather than make extensive changes in the peripheral boxes of the organization chart. The objective should have been to get an organization functioning with new concepts without getting the staff of existing agencies in a trauma. The scars of Stassen's first six months in office were still apparent in ICA." A White House staff member countered, "We didn't need an academic seminar -- we needed decisive managerial skill and follow through. Labouisse was too passive; he didn't push hard enough."

While Task Force activities also consumed much of his time, because of his basic orientation to the process of reorganization and the tenuousness of his own position, Labouisse concentrated on those aspects of the Task Force which required early implementation, namely, the authorization and appropriations bills, and the preparation of the 1962 program. These he would have to defend in Congress and, if selected administrator, be in charge of carrying out. As for the Organization and Administration Group, few of its recommendations would go into the rather general law, and the new foreign aid administrator could do what he wanted about such matters later on. Consequently, the head of the Organization and Administration Group (George Gant) saw relatively little of him except during Task Force Steering Group meetings and on those occasions when formal action by Labouisse was required, such as when memoranda were sent to the President.

The Deputy Chairman and Secretariat. John C. Ball readily accepted the additional job that was offered him, that of Deputy Chairman and Chief of Staff of the Task Force. His initial reliance was upon the staff he had built

up over the years as Deputy Coordinator for Mutual Security. For Executive Secretary he chose Reubin Sternfeld, formerly with the International Division of the Bureau of the Budget, who had been his Mutual Security Special Assistant for Presentation and Reports and as such had been intimately associated with the discussions leading to the March 22nd message. He designated Elihu Bergman, his Executive Assistant as Executive Officer. To Frank Coffin he offered the services of Jacob J. Kaplan, his Mutual Security Assistant Coordinator for Programming; the two men had become well acquainted during the busy weeks preceding the March 22nd message, and Coffin was pleased to have him. One of Sternfeld's assistants, Presentations Officer Carter H. Hillis, was offered to Gant as his Executive Secretary, and this arrangement was approved. In general, Bell's staff, including some 50 employees all told, became the headquarters for the Task Force.

Both Bell and Jabouisse found that management of the Task Force was a difficult assignment. It snow-balled quickly all out of proportion to either's desires or expectations. The Task Force Secretariat had little contact with many of the sub-working parties. The participation of so many persons made the decision-making process all the more complex. Jabouisse and Bell had to reap the harvest of the decision to appoint a Task Force.

The Secretariat performed the usual functions of communication, management, and background reports, and by its very over-all nature and its past association with the Mutual Security Deputy Coordinator's Office, the Secretariat was more concerned with legislation and program than with organization, just as the MSC Office had been. Sternfeld worked closely with Tannenwald's Group, especially in May.

John Bell, also, paid more attention to the program and legislation side than to organization. His interest was there, and, furthermore, he had made his contribution to organization before the March 22nd Message. He viewed Gant's work as a refinement of his March 4th paper and the President's Message. He paid little attention to the various memoranda that flowed from Gant's

Group, although he was an interested party when Gant presented material to the Task Force. He had few disagreements with Gant even though Gant went in a radically different direction from the report Bell had prepared in early March.

Among the inner members of the Task Force, Bell came to play the major role on policy matters. He had had experience overseas and broad and responsible assignments in Washington. Unlike some of the newcomers or outsiders, he could speak out authoritatively on ICA and Mutual Security. Gant found Bell a man with good judgment and one who had valuable information, such as who made the real decisions on various issues in the several agencies. The two men saw each other frequently and teamed up on the same side of several issues the Task Force considered, although Bell spent most of his time on other matters. On one point, especially, Gant and Bell were agreed: the United States should not play "king" to other countries and tell them what to do. Each country should be responsible for its own decisions. Eventually, this became an anti-technical assistance argument as far as Bell was concerned.

The Legislation and Congressional Presentation Group. Labouisse turned to his good friend Theodore Tannenwald to chair the Legislation and Congressional Presentation Group, and he accepted readily. Tannenwald had already made some contributions to foreign aid reorganization; he had been a member of the Bingham group which in the fall of 1960 had turned out two drafts of a paper proposing a new look to the government's efforts in this area.

The Legislation and Presentation Group got off to a fast start, particularly because Tannenwald could turn to old hands for his two-fold task. Chief among these were Philander P. Claxton, Jr., Deputy Assistant Secretary for Congressional Affairs in the Department of State, specializing on Mutual Security, and John B. Rehm, Assistant Legal Adviser in State, who also specialized on Mutual Security. Tannenwald gave Claxton the responsibility for Congressional liaison and, ultimately, the task of preparing briefing materials for Administration witnesses at the future Congressional hearings.

Rahn had been at work on the new foreign aid act for some days before Tammemald's arrival, since after the President's foreign aid message. John O. Ball had asked him to head up a group of lawyers that could start to carve out the issues that would have to be decided by the Task Force before legislation could be drawn up. He had contacted ICA, DLF, the Peace Corps, and the Treasury and each assigned one or two lawyers, at least on a part-time basis, to the task. In addition, the Bureau of the Budget assigned one or more non-legal observers from its International Division to the group and so from time to time Irving Lewis, Christopher Weeks, or Bart Harvey worked with Rahn. BOB participation helped to facilitate ultimate clearance of the semi-final draft with other agencies. Furthermore, the Bureau was fundamentally sympathetic to the new legislation, and its suggestions brought a government-wide perspective to the undertaking.

Tammemald's group produced its first of 14 papers on April 4th, a six-page document devoted to the kind of authorization and appropriation structure that was to be recommended to Congress -- a single account, several regional accounts, or several functional accounts. Considerations of operational flexibility, Congressional desire for control, saleability, and consistency with the President's message were examined.

The Program Development Group. Labouisse received another quick acceptance from Frank Coffin as Chairman of the Program Development Group. Coffin had been as involved as Labouisse in the reorganization discussions preceding the March 22nd message. It was inevitable that an important role in the Task Force be assigned to him, given his position as Director of the DLF and the fact that the White House and others had been pleased with his contributions to date. Appointment as chief of the Program Development Group had a special importance, however, for it meant a considerable broadening of his responsibility from that of director of a lending bank operation (the DLF) to that of developer of the broad principles underlying the foreign aid program as a whole and the architect of the specific fiscal year (FY) 1962 proposals.

Frank Coffin pushed ahead with the organization of the Program Development Group quickly, since he was already in Washington full time, had a staff that could assist him, and knew the persons that had been involved in the aid agency reorganization since January. His task was primarily three-fold: to spell out more clearly the principles underlying the aid program, to prepare the program and funding concepts for the authorizing legislation, and to prepare the FY 1962 program and appropriation requests. The assignment largely consisted of a spelling out of the policies already agreed upon in the President's Message and elsewhere; no right angle changes were to be considered. He asked Lester Gordon of the DLF planning and economics staff (Oberlin, California, and Harvard trained; 38; formerly with BOB and ICA) to become his deputy or "adviser," James P. Grant, Deputy Director for Program and Planning of ICA, and Jacob J. Kaplan of Ball's staff were invited to become members of the group. Labouisse had asked Coffin to get outsiders to help him, and so Professor Max F. Millikan, Director of the Center for International Studies at MIT, was designated as Chief of Consultants, and a panel of six or eight outside experts was assembled to contribute their ideas. In practice, most of the consultants were around only a small portion of the time, so that the day-to-day work was in the hands of Coffin, Gordon, Grant, and Kaplan, with the assistance of Millikan.

The organization of the Program Development Group had a fortuitous consequence for George Gant and his work. Some of the most active protagonists of varying points of view on organization before March 22nd were the five most active members of the Program Development Group. Four of them -- Coffin, Gordon, Kaplan, and Millikan -- had been outspoken in favoring a functional approach. Grant had favored the balanced regional-functional arrangements of ICA. Now all of them became totally preoccupied with program, far too busy to contribute to or interfere with the Gant group. In addition, they had the feeling that they had made their contribution in the area of organization, and a compromise had been worked out. Coffin had only been with the Development

Loan Fund since January, and while he felt it necessary to back the DLF position in the early days, he was not firmly attached to it in any parochial way. It was inevitable, therefore, that new faces would emerge in the group devoted to organization and administration, and possibly new ideas as well.

The Appointment of Gant. Candidates for chairman of the Organization and Administration group had given great difficulty to those who had been considering names for the working groups both before and after March 22nd. A prominent choice of nearly all was Professor Richard E. Neustadt of Columbia, political scientist and author of a book on the Presidency, who had been designated by Kennedy as a special consultant on organization. Neustadt was simply not available. Dean Don K. Price, Kentucky-born and Rhodes Scholar, was actively considered, also, in view of his experience within Government (Home Owners Loan Corporation 1955-57; BOB, 1945-46; Research and Development Board in the Department of Defense 1952-55) and outside (Committee on Public Administration of the Social Science Research Council, 1937-39; Public Administration Clearing House, 1939-1953; and successively the Ford Foundation and Harvard), and particularly his late membership on the Eisenhower-created and Kennedy-abolished President's Advisory Committee on Government Organization and his recent editing of The Secretary of State for the American Assembly (1960). Like Neustadt, he had served on the President-elect's Task Force in the Department of State, and he had aided Kennedy as an adviser on government organization. Labouisse relied upon David E. Bell to contact Price, since Bell and Price were former colleagues and good friends. Bell realized that the availability of Price was seriously in doubt, since the press of his work at Harvard was great, but late one evening he called the Dean, and asked him. Price confirmed that he was not available, and most of the conversation was devoted to other possible candidates for the post. One of the alternatives discussed was George Gant, former general manager and personnel director of the TVA, Ford Foundation representative in Pakistan, and currently in charge of Asia overseas development activities of the Ford Foundation and located in

New York. Both men knew Gant well and respected him. Price had known him when Gant was at TVA and later at the Ford Foundation; David E. Bell had worked closely with him in Pakistan.

The suggestion of Gant for Chairman of the Organization and Administration Group hit a responsive chord among others in Washington. His name had already been mentioned as a possibility, for in addition to David E. Bell, John O. Bell was well acquainted with him, and Neustadt, Rostow, and McGeorge Bundy, Rostow's superior, had met him. At a meeting at the White House attended by Sorensen, Goodwin, Rostow, Kenneth Hansen, R. Sargent Shriver, Jr. (the director of the Peace Corps), and John O. Bell, many names were reviewed and most were blackballed for one reason or another. Gant's was one of the two or three that survived. Gradually he emerged as the preferred choice.

Gant was called on Monday, March 27th, and asked if he would be chief of the Organization and Administration Group. He indicated some interest, and, on the strength of this, was asked to come to Washington immediately, since this was a matter of the highest importance to the President. In Washington just for a single day, Tuesday, Gant met individually with Labouisse, the two Bells, Dungan, and others, and the general outline of task force activity over the next three months and the responsibility of the Organization and Administration Group were sketched in detail. If he accepted, he would be given complete freedom as to who he recruited for his group and how many. Gant agreed to the assignment, although he indicated that his contribution would have to be limited to April, May, and June. At the same time, he turned down a request by Labouisse that he should also take responsibility for recruiting for top executive posts. He felt that it would be too great an additional burden and that someone within the organization should take over such an assignment. A number of suggestions were made to him about persons that could assist him, but Gant left the selection of his staff to a later date. He did arrange for a meeting of representatives of the several agencies interested in foreign aid for Monday, April 3rd, which was to be the formal

beginning of Task Force Work.

The Birth of the Budget. Among the most influential persons in determining the form of the proposals of the Task Force on Foreign Economic Assistance, aside from the five principle members thereof, were to be David F. Bell and Kenneth Hansen, Director and Assistant Director for international affairs of the Bureau of the Budget, respectively. Since Bell and Gant were friends and respected the judgment of each other, their working together smoothly was a foregone conclusion. The Budget Director was also well acquainted with John C. Bell from the time when the latter was ICA mission director in Pakistan. David Bell had had previous experience in BOB and later had been with Harvard in Pakistan and then at Cambridge. He was a quiet, highly perceptive administrator with a great capacity for work. His technique of asking questions to get at the root of the matter was almost legendary. He formulated strategy carefully; for example, he knew full when to attend meetings and when to avoid them -- and when to only stay a few minutes.

In some ways, Hansen was the administrative converse of Bell despite their common background with Harvard -- Hansen in Oxon. Equally perceptive and hardworking, Hansen was the activist of the two. Facile at expressing himself and quick-moving, he served effectively as the eyes and ears of Bell in the international field. He was at home in formulating policy recommendations and in mapping out proposed courses of action. He also was well acquainted with John C. Bell, they having met when Stassen was Foreign Operations Administration Director. John Bell had even recommended Hansen for the Harvard Oxon appointment.

They were concerned with foreign aid reorganization not only because of their personal and agency interest in organization and foreign aid matters, but also because of specific mandates from Congress and the Administration. Congress had requested a study be made of needed changes in foreign aid (Section 604 of the Mutual Security Act of 1960) and BOB had been given responsibility for carrying it out. Both President Kennedy and the National

Security Council had requested BOB to come up with recommendations. While the Bureau had turned to the Department of State for initial action, its stake in the outcome was still large, and even crucial, quite apart from the dollar costs of foreign aid.

The Bureau was vitally interested in organization and administration of the new aid agency, and over April and May, Gant made it a point to keep in touch with David Bell at least every couple of weeks, and with Hansen somewhat more frequently. Communication with BOB was facilitated by the fact that Gant's deputy, Richard Barrett, was from the Bureau. While Barrett made it clear to the Bureau when he was appointed to the Task Force that he would be working for Gant, not Hansen or Bell, it was only natural that from time to time he reported to them on organization and administration developments, and, indeed, Gant wanted him to do so.

The first meeting or two of the Task Force was attended by Robert Macy, Chief of the International Division of the Bureau. Later, Hansen attended them for BOB, since higher-ranking officials were desired. After a brief acquaintance with the Task Force, Hansen decided that the best policy was to contribute as many Bureau staff members to the operation as possible. All told, ten or twelve of the Bureau staff played important parts in the Task Force activities -- Bell; Hansen; Barrett and Fry from Management; and Macy, Weeks, Lewis, Harvey, McNeil, Stockman and others from the International Division. Aside from Barrett, most of their contributions were on a spot basis -- Food for Peace, the Peace Corps, the relation of the aid agency to the Department of State, etc., -- whenever their special competence was appropriate. Their contacts with the Coffin group were few, except on borrowing authority and certain other fiscal matters, but they had many dealings with Tannenwald and Rehm, and still more with Gant. During the height of Task Force activity, Hansen was called almost every evening by Bureau staff members serving on Task Force assignments, in order to keep in touch.

Hansen also kept close contact with Ralph Dungan of the White House and his friend William Dentzer. In part this was to complement the Task Force relationships, and to give Hansen information on ultimate White House action. In part it was also to give the Bureau a vehicle for pushing some of their personnel choices for the new agency as it took shape. Hansen, like Dungan, felt that people, not form, were the most important thing, although it was important to hit on a form that would maximize getting good people.

The White House. Within a few days after the President's letter to Eisenhower of March 22nd, responsibility in the White House for this next phase in foreign aid reorganization fell principally upon Ralph A. Dungan. For some time Dungan had been the President's special assistant on top political appointments, and as foreign aid reorganization moved closer to implementation, it was necessary for the White House to have a staff member in close touch with day-to-day developments so that positions could be thought of in terms of men, and vice versa. Furthermore, the President was insistent that further delay be cut to a minimum, since already the Congressional session was well advanced. Dungan was to be the President's extra security to make certain that the task force effort did not fail and that it produced on time. His was a strong assignment.

Dungan had not been closely connected with the work that led to the President's Message, nor had he been a part to pushing the Task Force idea or the subsequent decision in its favor. He did feel that it was important to go outside the government for help on implementing the President's Message, but this preference would have been for a half dozen persons sitting down and mapping out the details, and doing so rather quickly.

Dungan's role in Task Force work was largely of three kinds. First, he functioned as the day-to-day contact between the White House and the Task Force. While by no means all of his time was spent on Task Force work, he was a figure in innumerable discussions, conferences, and telephone calls. He knew most of the top persons associated with the Task Force through previous

associations. The one major exception was George Gant, whom he had not previously known, but whom he quickly came to like and respect. The two men got along very well and kept in touch at least every week or two. He had previously known Barrett, Gant's deputy, when both were working in the Bureau of the Budget, and both men tended to reflect more or less similar points of view, including a preference for a regional approach to organization in an aid organization with a quasi-separate identity, and, in the distant future, perhaps eventual complete integration of the aid agency with State. Another consequence of Dungan's background was that he and the BOB worked closely together on Task Force matters.

Second, Dungan became the point within the White House that resolved issues stemming from Task Force actions short of appeal directly to the President. Because he attended meetings of the Task Force and was in touch with Task Force personnel, his voice was among those heard as policies were carved out, one by one. He thus was a very friendly judge or arbiter to which to turn as far as the Task Force was concerned, especially when the issues concerned objections by various government agencies to the tentative decisions of the Task Force.

Third, Dungan helped shape the nature of Task Force work. This was particularly true of John Bell-Labouisse suggestion that Task Force groups concerned with public support and executive recruitment for the foreign aid program be formed. To Dungan, both actions seemed ill-advised. The subjects with which they were to deal were highly political, and they involved high-level Administration strategy. A public support group might backfire if the Congress felt that public funds were being openly used to influence its decision; certainly Mutual Security funds could not be used for this purpose. The White House let it be known that Dungan would handle the public support aspects. Because he felt that there were other ways of marshalling public support that were far superior, Dungan did not look upon this as a high priority aspect of his Task Force assignment. Consequently, White House

activity in regard to public support for foreign aid was restrained during the Spring and Summer. Of course, the White House gave much publicity to the appointment of the Task Force. On April 12th Kennedy announced it at his news conference, addressing the outside consultants that had been brought in, such as Milliken and his associates and Eugene Black, President of the International Bank for Reconstruction and Development, a close friend of Labouisse. There were also some major speeches on foreign aid, such as that by Rusk to the Chamber of Commerce in early May. Kennedy underlined foreign aid in his Message on Urgent National Needs to the Congress on May 25th. Finally, a panel of businessmen was assembled by the President to come to Washington briefly to review the proposals of the Task Force in May, but it played no significant role.

Executive recruitment was another thing entirely, and Dungan felt that strong White House action was called for in this matter. The selection of top political appointees for the new agency could not be given to a Task Force working group, especially one under Labouisse who himself had not been definitely designated as part of the new permanent team. The White House traditionally participated actively in senior executive recruitment. Dungan had been helping the President with policy-level appointments in a variety of agencies for some time, and the President would expect him to do the same for the foreign aid agency. Labouisse had not selected anyone for the executive recruitment working group, and the idea for such a group was quietly dropped.

In his own personal contribution to foreign aid reorganization, Dungan came to place the greatest priority on the problem of executive recruitment. He therefore structured his own relation to Task Force activity accordingly. The Program Development and Legislation and Presentation groups were important, but they did not seem to be tackling the problems with which Dungan was centrally concerned. The Coffin group was dealing with program concepts and the 1962 program, but the main lines for these had been laid down by the President's Foreign Aid Message, both in terms of the kinds and amounts of

funding and the underlying principles: national plans and individual country programs, long-term planning and financing, emphasis on development loans repayable in dollars for which borrowing from the Treasury was suggested, special attention to those countries willing to help themselves, a multilateral approach, and separation of economic and social from military assistance. Coffin would have to propose what relative emphasis should be placed on technical assistance, grants, and loans -- a controversial matter -- but one that Dungan felt could not be resolved in the abstract anyway; it would have to be tackled on a particular country-by-country basis. As for Tannenwald's assignment, Dungan saw it as essential, but more or less as the follow-through of the decisions made by the other two groups. Furthermore, the White House had other specialists who dealt with Congress.

Dungan's interest in recruitment meant that George Gant's Organization and Administration Group was of main interest to him, especially as it began to propose a structure for the new agency and make decisions as to its personnel system. In addition, the President's Message had not been as specific on these points as on some others, so the decisions in this area were important to follow for this reason, too. As the weeks of April passed, Dungan was increasingly concerned with the selection and recruitment of able political executives for the new agency. His was a personality approach to organization, and he was to help uproot some of the old personnel in ICA. If the new agency was to get underway in the summer, vigorous personnel action would have to be taken. He discussed the problem with Labouisse, and in mid-April nominated William Dentzer, a young capable man with some five years of experience in Washington, a political science background at Harvard, and a close acquaintance, to serve on Labouisse's staff. His assignment was to begin to identify capable executives, especially for the Washington regional and functional offices. About May 1st Roy Crawley of Brookings came to serve as chairman of executive recruitment and in addition began identifying personnel in the staff and management areas. Robert L. Shortley, a Georgetown

graduate who had been with the government since 1947 and foreign assistance since 1953, and who had for some time specialized in executive personnel matters for Grady, was assigned by Labouisse to concentrate on executive recruitment for the top mission posts overseas. Dentzer attended some Task Force meetings and received all the Task Force documentation. He served to keep Dungan informed of progress in ICA and the Task Force, as well as providing a liaison with him on appointments. In this respect, his position was different from those of Crawley and Shortley. In late April and early May, the first task was to try to identify the positions for which personnel should be recruited, and the suitable criteria for the holder of each position, and Dentzer had to rely upon Gant and his group for much of this information. Richard Barrett, Gant's deputy, had many discussions with Dentzer about the emerging organization and the kinds of persons needed in each major post. Thus as the regional emphasis became accepted, Dentzer turned to developing lists of outstandingly qualified men for each of the four regional assistant administrators, and their deputies. It was determined that these positions should be filled first, aside from the Administrator and his deputy or deputies. However, of necessity, most of the recruiting had to await two things: the completion of the proposed organization, a decision as to the permanent director. The proposed organization was completed by late May, but the permanent administrator had yet to be identified. And in late May Congress was just beginning consideration of the new legislation which would provide a legal basis for much of the implementation.

The Task Force Steering Group. Labouisse and John Bell felt it necessary to tie the Task Force together at the same time that liaison was maintained with various interested agencies. Bell had had experience in dealing with all the agencies interested in foreign aid as Deputy Coordinator of Mutual Security, and he had found that the Mutual Security Steering Group, representing the different agencies, was helpful in reviewing each year's Mutual Security legislation. Extending the idea, he suggested that a Task Force

Steering Group (TFSG) be created, made up of high-level representatives of the several agencies interested in foreign aid plus the heads of each of the major Task Force units. Labouisse concurred, and the group came into being in early April with Labouisse as Chairman.

Bell also pushed for active Congressional involvement in the Task Force. Several times in the past such a procedure had been very effective in the international field, as with the negotiations preceding NATO. To him, one of the main reasons for the Task Force was to do a selling job on all concerned -- the agencies, Congress, and the public. To leave out Congress might endanger the enterprise. The memory of Senator Fulbright and others being left out of the proceedings prior to the March 22nd Message was fresh in his mind. This suggestion was turned aside by the White House, however. It felt that there was a big difference between negotiations at an international conference and the framing of a piece of legislation for Congressional consideration.

The first two meetings of the Task Force Steering Group were held on Thursday and Saturday, April 6th and 8th. Gant did not attend since he was in New York. There were two major items on the agenda, an examination of the authorization and appropriation structure and a consideration of the legal character of the new agency. Despite the President's emphasis on regional programs and a recommendation from the Legislation and Congressional Presentation Group that the major programs and their funds be divided regionally, it was decided that both authorization and appropriation legislation would be based along functional lines, rather than geographic. It was felt that both in terms of explanation and operations the functional division would be simpler. Seven categories were envisaged: human resources, sustaining and transitional assistance, development loans, emergency fund, peace corps, contributions to international organizations, and administrative expenses.

A second basic decision was also made. After discussing the various ways of establishing a new agency -- as a statutory agency, through a President's reorganization plan, or by the President pursuant to a general statutory

authorization, the latter course of action was selected. The Mutual Security Agency had been a statutory agency, the Foreign Operations Administration one that was created by a reorganization plan, but, since 1954, the third pattern had prevailed. It was considered superior because it would give the President the authority to organize the aid agency as he desired, yet it would also have the political and psychological advantage of being based upon specific, although brief, legislative proviso. However, it was agreed that although the legislative language establishing the agency would be brief, detailed information on structure and administration, including organization charts, would be made available to the Congress during hearings through the presentation volume that would be prepared and the statements of witnesses. George Sant would have to have his recommendations in time for some insertions in the general legislation and for the more extensive discussion in the materials for the hearings.

It was never quite clear what the powers of the TFSG were. At first, there was some tendency to view it as a body to which all proposals from the three Task Force groups would go for approval, modification, or rejection -- or, at the very least, for discussion. This concept came to be modified after three weeks. The TFSG started out a small, select organization with high-level representatives from the several agencies directly involved in foreign aid, plus the inner group of the Task Force itself. As the weeks passed, more and more persons wanted to attend the meetings, so that by the latter part of April, nearly thirty persons were on the mailing list to receive reports and agendas. The group was rapidly becoming unwieldy, and various means of reducing attendance were tried, including the use of name plates, but attendance continued to be large. The Task Force Steering Group was useful for clearing specific legislative issues with a variety of agencies, but it tended to get bogged down on certain topics, such as investment guarantees for American businessmen abroad, not necessarily of prime importance. It was not an effective vehicle to develop program concepts or examine the consolidation and

integration of aid agencies. There were too many interests represented, with the result that action proposals suffered. John Bell felt the TFSG sessions were non-productive; Hansen labelled them lawyer's paradises.

The primary need was for closer coordination within the Task Force itself, for it to develop consistent positions of its own on the many issues. Later, these ideas could be criticized by others. Beginning the week of April 24th, after six sessions, TFSG meetings were confined to once a week (instead of two), and a week later they were dropped entirely as regular affairs.

As a substitute, an informal or rump steering group emerged, with only Labouisse, John Bell, Sternfeld, Tannenwald, Coffin, Millikan, and Gant invited, plus Ralph Dungan from the White House. Labouisse, Bell, and Dungan were the smallest inner circle of leadership, influence, and power.

#### The Organization of the Gant Group

With the central program concepts so clearly set forth in the President's Message on Foreign Aid of March 22nd, including self-help, national plan country programs, and a unified group of devices to assist other countries, the key to implementation lay with the Organization and Administration Group. It would be the new foreign aid agency's system of organization, administration, and personnel that would determine whether old ways would be cast aside and new ones taken on. In turn, the character of the Group's recommendations would be greatly influenced, if not actually determined, by the way in which it was organized.

The Initial Steps. George Gant's first days in Washington as Chairman of the Organization and Administration Group were on Monday and Tuesday, April 3rd and 4th. Top upon his agenda were meetings with representatives of the several interested agencies in order to explain the purpose of his mission and solicit their interest and cooperation, especially in supplying necessary background information. The first of these on Monday was opened by Labouisse himself. Among those attending were Hills, Gant's new Executive Secretary; John O. Bell, Sternfeld, Bergman, and some other members of Bell's staff;

Harman Pollack, Deputy Assistant Secretary for Personnel in State; John J. Grafty, Deputy Director for Management of ICA; Joseph S. Toner, Secretary-Treasurer of the Development Loan Fund; Warren W. Wiggins, formerly Assistant Deputy Director for Programs of ICA but now Shriver's Associate Director for Program Development and Operations in the Peace Corps; and Dungan from the White House. After explaining the general structure and purpose of the President's Task Force on Foreign Economic Assistance, Labouisse turned to outlining the function of the Organization and Administration Group. The Group was to develop a total organizational structure and set of procedures for the new foreign aid agency. It was to take guidance from the Program Development Group in respect to the types of programs the agency would conduct, and furnish to the Legislation and Congressional Presentation Group such advice as was necessary on legislative provisions affecting organization and administration, including budgetary requirements and the personnel system (e.g., personnel ceilings). In the discussion that ensued, it was pointed out that top priority would have to be given to anything that required legislative implementation. Bell mentioned that within two weeks the size of the appropriation request for administrative expenses would have to be known.

The proposed plan of organization as generally accepted by the President in the latter part of March was outlined by Bell. In making his presentation, he made use of the chart that had been prepared in connection with the March 22nd Message (see Chart 12), and copies of it were mimeographed and distributed to all those who had attended the meeting. Headquarters responsibility for country program decisions would be centralized in a regional director and supporting staff. Field missions would play a more significant role in the decision-making process, as would the ambassadors. To assume this more important role, regional offices and field staffs would need to be strengthened qualitatively. Helping the regional offices would be several resources staffs: fund for economic growth (including a corporate board composed of top officials in the aid agency), education and human resources, Peace Corps, Food for Peace,

and miscellaneous program services, including operation and supervision of participant foreign (trainee) programs in the United States. The Export-Import Bank, including its development loan functions, was left outside the agency, but subject to policy direction of the administrator on development lending. Economic development and research units were two of the staff arms of the administrator; offices for legal services, Congressional liaison, information, and the executive secretariat were others. The entire agency was within the Department of State, the administrator reporting to the Secretary of State, yet the agency had a separate administrative existence.

Gant indicated that his personal needs at the moment were three in number, and he asked for help from all the interested agencies in respect to them: suggestions for personnel for his staff, information on the functioning of each agency, and review of the plan of work that the Organization and Administration Group should undertake. Nominations for his staff were welcome, he reported. He specifically requested the preparation of an inventory of current functions of each agency in the foreign economic field, together with descriptions of its personnel system and an indication of the number of employees assigned to each function. Several studies were already available on foreign aid or foreign economic activity, but additional detail was needed, he felt. As for the work plan, Gant indicated that he had received a document prepared by John J. Brady, Deputy Director for Management of ICA, which outlined some 25 points or steps that should be covered in the effort to give substance to the new changes in organization and administration. The draft work outline would be helpful, Gant indicated, but it would have to be modified, and suggestions were solicited in regard to changes in it.

Many of the same persons met again on Tuesday, but the meeting was smaller; neither Labouisse nor Dungan were there and State was represented only by Bell and his staff. However, BOB sent a representative of the International Division, Hart Harvey. Gant's three needs, expressed the previous day, were revisited again, but in greater detail. He indicated that he needed information

on the numbers, composition, and location of personnel and the legislation and administrative orders covering them. While the plan of work was not yet complete, Gant announced that he would make it available next week. Currently, he had staked out four areas: organizational structure and relationships, to which he was going to devote close personal attention, program development and implementation, personnel systems and operations, and financial and administrative management. "The work of the Task Force will extend over two or three months," Gant reported. "It is expected that the basic reorganization will not precede or follow long after the passage of authorizing legislation."

As George Gant returned to New York for what was to be his last half week at the Ford Foundation until late June, he reflected on the wheels he had set in motion for the beginning of his full-time effort on Monday the 10th. He had communicated with the several interested agencies, and outlined briefly and generally what he was going to do. By April 10th Carter Hills would have accumulated extensive files of briefing materials, annual reports, Congressional presentations, lists of functions, organization charts and descriptions and outlines of personnel systems from ICA, DIF, the Peace Corps, Food for Peace, the Export-Import Bank, and State, in the last case especially from the Mutual Security Coordinator and Inspector General and Comptroller. These documents would be both useful background material for Gant and an initial means of consulting the interested agencies and obtaining their participation. They would be followed up next week by detailed interviews with each of the agencies. The emphasis on personnel information was necessary if recommendations to the Legislation and Congressional Presentation Group and the organizational suggestions were to be concretized. In addition, much of George Gant's experience in the TVA had been in personnel work, and he felt strongly that effective personnel policies were a key ingredient to any organization's success.

In his briefings with the Bureau of the Budget and John O. Bell, a number of studies of foreign aid reorganization had been called to his attention and

some had been given to him. Carter Hills was to collect still other studies and background materials. Gant was especially impressed with the 604 study of BOB which he had been given, and its detailed description of each agency and its foreign economic and foreign aid functions, the problems of interagency coordination, and the different plans of organization that had been proposed. It was the single most useful document for briefing purposes of all the reports. Although it contained no direct recommendations, he was in accord with its tendency to favor regional organization for the aid agency. Whoever was responsible for the report would be useful for the staff of his group, he reflected.

In one of his early conferences with Gant, John Bell had sketched the background of the efforts in foreign aid reorganization since late 1960, mentioning the George W. Ball pre-inaugural task force report on foreign economic policy, the discussions that followed in late January after the administration took office, and the gradual emergence of the Growth for Freedom paper of March 4th which served as the basic document for Presidential decisions leading to the March 22nd Message. Bell also discussed his various "Battle Plan" memoranda leading to the Task Force. As Gant reviewed the old Ball task force report, he found it much less valuable than the 604 study for briefing purposes, and much too bulky to serve as a source of concise ideas for change. Furthermore, its perspective was essentially different from that he faced: it was concerned with integrating all foreign economic policy, while now the problem was confined to foreign aid. Even the President's Message had flowed not so much from it as from the March 4th paper, so Gant turned to the latter document for background information. He was singularly unimpressed. The Growth for Freedom paper seemed to lack unity, reflecting the several authors who had written segments of it -- Ball; George S. Springsteen, Ball's Special Assistant; Bell; and Kaplan. It was full of compromises, reflecting the many forces that had been of influence -- ICA, DIF, Agriculture, Food for Peace, Peace Corps, Export-Import Bank, Treasury, State, and others. More

than anything else, however, the one thing that poisoned Gant on the report was the organization chart that was attached. According to it, the Under Secretary of State was supposed to give "policy direction and control" to the administrator and yet the administrator was supposed to be in charge of a unified agency; the Department of State regional bureaus and the aid agency regional offices were to consult on policy matters with each other, without any indication of who was responsible for what; the prize in his opinion was in the relation of the regional offices to the functional units, the former being designated as the agencies for planning, programming, and directing, and the latter, called "Operational Services," executing approved programs. After reviewing the organization chart, Gant was certain that the March 4th paper would be of no help at all. The latest proposed organization chart that Bell had discussed at the April 3rd meeting was far more satisfactory in its lines of authority and its regional emphasis, but changes in it would have to be made, he felt, especially to avoid the pitfalls of its predecessor in the March 4th report.

Labouisse and the White House, as well as the Bureau of the Budget and John Bell, had made it quite clear that his job was to bring the President's Message on Foreign Aid into implementation. Along with other Presidential Messages such as those on the Peace Corps (March 1st) and Agriculture (March 16th), the Foreign Aid Message seemed to be the only "given." Gant highly approved of the direction of the Message. It emphasized national planning and self-help; to Gant, this meant cutting down on the size of missions overseas and giving more of the responsibility of programming foreign aid to the host country. It called for regional and individual country programs, with increased authority to the ambassadors; to Gant, this meant that clean, clear lines of authority must flow from the administrator, his deputy, the regional offices, and the ambassadors, to the mission directors -- a far cry from the Growth for Freedom chart. The Message had stated that a consolidated agency was to be established, with ICA, DLF, Food for Peace (Public Law 480 providing

for the use of agricultural surpluses abroad), and the Peace Corps, among others, being a part; to Gant, consolidation without integration was useless, and so he saw the distinctive identities of the several parts of the existing program melded into a unified whole. Finally, the Message had indicated that the administrator of the agency was to report to the Secretary of State and to the President; to Gant, this meant that the agency was to have substantial independence from the Department of State. He felt that the Message would be an important barrier to assist him in preventing advocates of one position or another to question such positions.

George Gant returned to Washington to begin his assignment on a full-time basis on Monday, April 10th. For the next ten weeks his pattern of work was the same, up around 5 AM and work at his apartment for three hours or so; to the office at 8 AM and a quick briefing with his deputy; continual meetings the rest of the day; from 6 to 8 PM discussions with selected Task Force personnel; later dinner; and then return to the apartment. There was little time for dictation or writing memoranda for the record, and no time for casual discussions, although often he would carry on informal discussions with one or two members of his staff, especially his deputy, over cocktails or dinner. This routine was followed six days a week, except when a day was taken out now and then for Ford Foundation business in New York.

There were two regular Task Force Steering Group meetings the week of the 10th, the first that Gant attended. Among the agenda items was a proposed schedule for the 1962 fiscal year Congressional presentation of the economic aid program. Gant was amazed to learn that all materials for the detailed presentation volume had to be in by the end of April and that May 15th had been selected as the target date for beginning Congressional hearings. The understanding he had from his first conversation with Labouisse was that he had three months for his assignment. He also learned that decisions concerning administration and organization that had to be incorporated in the legislation itself were equally urgent, and John B. Rehn sent a list of 12 major questions

that had to be answered before the lawyers could proceed with drafting the legislation. He requested answers to them by Wednesday, the 19th. The first draft of the authorizing legislation -- in skeleton form -- was to be out on April 17th, and the second draft, a week later, was to be as complete as possible. Rehm's questions concerned a wide range of potential personnel provisions, plus basic organizational items such as the role of the Secretary of State, the ambassador, and the Office of the Inspector General and Comptroller of Mutual Security. While the TFSG decision of the previous week, to include in the draft legislation Presidential authority to organize the foreign aid agency internally, obviated the necessity of spelling out the internal organization of the new agency in the proposed law, the Task Force would have to insert into the draft changes affecting present laws, such as those affecting statutory agencies or statutory positions. In addition, of course, the presentation to Congress would have to include a detailed review of the proposed organization and administration system for the new agency. Gant's plan for a three-month study had come to an abrupt halt; there were now only three weeks!

Briefing by Foreign Aid Agencies. Gant already had been briefed by the Chairman and Deputy Chairman of the Task Force, the White House, and the Bureau of the Budget. Most of the week of April 10th he devoted to briefing meetings with the several foreign aid agencies. It was a rapid pace. Monday and Tuesday morning, lunch, and afternoon were devoted to ICA, principally to discussions with Labouisse, Grady (management), Grant (program and planning), Fitzgerald (operations), and John H. Ohly, Study Coordinator of the Technical Assistance Study Group, and some members of their staffs. Grady was especially well prepared for the briefing, since under his direction William L. Parks and three associates had turned out a comprehensive study in early March entitled "Draft Operational Plan, An Integrated Foreign Assistance Agency," familiarly known as the Blue Book. Together with Parks and Robert I. Bixen, Director of Grady's Office of Management Planning, Grady outlined for Gant

the salient points that needed to be kept in mind in approaching reorganization. However, the briefing was on the present ICA organization, not the Blue Book proposals. Grady offered the services of his part of ICA, and at the end of the long meeting he handed Gant a copy of the Blue Book.

The handing of the Blue Book to Gant was more than just an empty gesture on Grady's part. Since early January, he and his staff had been concerned about reorganization and tried to make contributions from time to time. As the major source of management experts in the agency, Grady's unit felt it had a contribution to make and that this fact should be recognized. After the Task Force idea had been announced, Labouisse and John Bell had encouraged them and others in ICA to nominate persons for Task Force assignments, including the Organization and Administration Group, and they had -- such names as Don Price, Professor Wallace Sayre of Columbia, and James Mitchell of the Brookings Institution were passed along. Bell had taken these names, and they were not certain what had happened to the names after that, except that now Gant was head of the Group. On the urging of Bell, they had also decided to draw up a prospectus for the study, based upon their Blue Book experience; Biren and Parks had taken the initiative in this. Already its fate seemed uncertain -- perhaps it had been pushed aside or discounted. As the days went on and no further word was heard of the Blue Book -- no questions asked stemming from it and no discussions of it -- Grady and his group became increasingly disenchanted with the entire operation. They felt that the Blue Book had not been read -- certainly not taken seriously -- and that, in the words of one of Grady's staff members, Gant was remaining "unbiased from the facts."

For a variety of reasons, Grady tried to get into the inner circle of the Organization and Administration Group. He felt that he had a contribution to make. He wanted to be able to stay on in his job after the new agency was established if he thought it was a good idea. He also had a desire to be in on the reorganization negotiations. In the first two weeks of April, he saw Gant several times. By mid-April it was apparent that he had been rebuffed,

and he turned strongly negative on the whole undertaking.

Gant had no particular desire to develop close relations with Grady and purposely did not make use of him in any central way. Grady had developed his views before Gant arrived and stuck with them. Gant did not agree with the Blue Book's recommendations, nor had he thought well of the 25-point prospectus Grady had prepared. The two men did not see eye to eye on personnel administration, a subject close to Gant's heart. In defending the ICA personnel office, Grady was almost alone and very far from the position of George Gant. Gant's approach to management was program-oriented; Grady and some of his staff were more oriented toward centralization of management functions. Finally, although he was only a recent (1960) Republican appointment, because of the position he held Grady was a symbol of ICA management -- and alleged mismanagement -- and the Task Force was wont to shy away from such symbols.

Gant had a shorter meeting with Chly. The two men discussed the work that Chly's office had been carrying out, and Gant was given a copy of the rough draft report that Chly had prepared in early March entitled "Organization for Foreign Aid -- the Problem Viewed in Perspective." It was a useful checklist of issues and factors that should be taken into account in reorganization. In addition, Chly indicated his interest in examining the alternate ways of carrying out technical and project assistance -- by direct hire, through university contracts, arrangements with regular domestic government agencies, private firms, state governments, etc. Gant indicated that he would like to have a report on this subject. Chly agreed, and this became one of the nine or ten topics in the Organization and Administration Group's work prospectus. Two weeks later, on April 25th, Chly completed the first and only draft of his report, "Systems of Operation in Technical Assistance." Its 86 pages were devoted to outlining in some detail the alternative techniques, procedures, and means by which technical assistance could be rendered abroad and in the United States. Chly concluded that different combinations of foreign aid

methods should be employed in different countries, and that any legislation establishing a new agency should be sufficiently flexible to allow the greatest variation and experimentation. However, at a minimum, a small multi-disciplined core group should be located in many if not all underdeveloped countries in order to further understanding of and contact with the local society and its problems, to program, integrate, and evaluate the American efforts, and to give support thereto. The present personnel system and salary scales of ICA would not permit the establishment and maintenance of the kind of high-quality core mission required. "Basic changes are needed, and the legislation should provide the necessary authority." Gant found the idea of a small core mission compatible with his own thinking, Gant tended to agree with the suggestions on personnel, but another of his working parties was devoting its efforts to the topic. The use of regular domestic agencies, universities, private contractors, and state and local governments would eventually have to be explored, Gant felt, but there was not time at present; furthermore, the Chly paper only presented alternatives and highlighted the complexities of this subject; it presented few conclusions. Thus the paper was laid aside for future reference. Apart from the paper, Chly's role in the Task Force was minimal, serving largely as an occasional ad hoc adviser to Task Force personnel whom he knew personally both within and outside ICA or to others who sought his advice.

Grant and Fitzgerald outlined in some detail for Gant the planning and programming function and its relation to the centralized regional offices and technical services. Gant was certain that here within ICA was an example of the major problem confronting the organization of an enlarged consolidated aid agency. The functions and responsibilities of these units seemed to provide a double veto in practice -- both the technical services (representative of the resources staffs, see Chart 12) and the regional offices seemed to have to approve before action was taken by ICA. Both sets of units seemed to be engaged in planning, one for countries and regions, the other for each functional area. A consistent, clear line of command was lacking, and in such a situation,

quick and effective action would not be likely.

Gant was not to see Grant or Fitzgerald frequently in the weeks ahead. Both were busy with other assignments, Grant with Coffin's group and Fitzgerald with running ICA. Fitzgerald was intimately associated with the old ways of doing things, a symbol of the past, including the ICA balance between regional offices and technical services. Some considered him pro-technical services; he had at one time been Director of ICA's Office of Food and Agriculture. The Task Force in general and Gant in particular were to take positions quite different from those defended by Fitzgerald, and therefore frequent contact with him appeared unproductive, especially since a change in Fitzgerald's views seemed unlikely. Gant and Fitzgerald saw each other half a dozen times or so, usually in group meetings. From Fitzgerald's point of view, he was not greatly worried about the Task Force recommendations. As one high ICA official put it, "He was an old pro; he would catch the Task Force recommendations in the ninth inning when most of the Task Force players would be on their way home."

On Wednesday and Thursday, April 12th and 13th, Gant moved on to the DLF, the Peace Corps, and the Food for Peace program. In the Development Loan Fund offices he met with Frank M. Coffin, and several members of his staff -- Hart Perry, his deputy; Arthur McGlaufflin, Assistant Director for Operations; Joseph S. Toner, Secretary-Treasurer; and Lester E. Gordon of the planning and economics staff. The loan activities of the DLF were carefully described for Gant, and some of the preference for strong functional resources units in the new aid agency conveyed. At the time, the DLF was undermanned, since both Coffin and Gordon were at work with the Task Force's Program Development Group, and Joseph E. Slater, formerly Gordon's superior, had already moved on to a new unit of the State Department. Throughout much of the Task Force period, only Perry and McGlaufflin were left among the ranking officers to tend the shop, since Toner's energies were to be employed by Gant.

At the Peace Corps, Gant met with Shriver and Warren W. Wiggins, Associate Director for Program Development and Operations. There, the briefing was primarily confined to future plans, since the Peace Corps had not yet got underway fully. It was currently scanning the country for additional executive personnel in order to get its program launched. Both men took occasion to stress the need for operational independence of the Peace Corps. At the Food for Peace Office in the Executive Office Building, Gant talked with George S. McGovern, whose position as Director placed him on the White House staff. Up until now, McGovern explained, the activities of the office had largely been a one-man affair, but he was hoping to play a more active role in administering the program as well as continuing the public relations and promotional role.

George Gant came away from his week of briefing convinced that a fresh approach in organization and administration was needed for the new aid agency. Each existing agency saw the problem from its own perspective and naturally was protective of its functions and patterns of work. If a new agency was to be established in accordance with the President's Message, substantial integration within the agency would be necessary, and this would require much more than a mere transference and paper consolidation of the former parts -- ICA, DIF, Peace Corps, and Food for Peace. A clean, hard-hitting structure and set of procedures would have to be created. Gant had been through the regional versus functional fight before in the TVA, and at that time his preferences had been formed firmly on the side of regions. It therefore seemed to him necessary that regional offices be strengthened both in their powers and in the quality of their personnel far beyond that envisaged by any of the contesting parties up to now. By the same token, the functions of the resource units would have to be rethought in a new direction. Gant was quick to begin preaching the gospel of four strong regions at every opportunity. It was a fixed point in his thinking from the week of the 10th on.

Staffing the Group. Gant was so impressed by the 604 study that he asked the Bureau of the Budget if it would release the author to be his deputy.

Early on the 10th, Gant was contacted by Kenneth Hansen, Assistant Director of BOB, who said that David Bell and he could offer him the services of one of the Bureau staff members, Richard Barrett. Barrett, he explained, was the director and principal architect of the 604 study, and a management analyst in the Office of Management and Organization of the Bureau. Gant, severely pressed for a deputy, since he used his Executive Secretary Carter Hills only on routine assignments, asked that Barrett be sent over at once. In the meantime, Sternfeld and others also recommended Barrett. After a brief interview, Gant made a quick judgment and invited Barrett to become his "advisor" or chief of staff. Barrett accepted. From April through June, Barrett became the most influential person in shaping the recommendations of the Government and Administration Group next to Gant himself. At the time he hired Barrett, Gant thought that he was getting a writer -- the author of the 604 study. Actually, the 604 study had been written by another BOB staff member, James Fry. While not a writer, Barrett in many ways complemented his new superior. An outsider and a government bureaucrat, a more mature person and a younger man, a reserved conversationalist and a talkative communicator, a forceful "pro" and a pliant "coner." They started from some of the same ideas, especially a prejudice in favor of regional organization and an antagonism to a bank-type organization for loans, and their outlook developed together over the course of the several weeks.

As his first assignment, Barrett was given the 25-point prospectus that Grady had prepared and John Bell had revised for whomever headed up the Organization and Administration Group. Gant had received this the previous week, but had considered it far too long and lacking appropriate emphasis. Already, Gant had begun to condense it, and Barrett's job was to boil it down still further into a workable number of topics, since it was already becoming apparent that time was of the essence, and that many answers would have to be found well in advance of the elapsing of the three-month period. Barrett moved to expand the four points outlined by Gant on the 4th by incorporating

some of the elements of the Grady prospectus. By the end of the evening of April 10th, Gant and Barrett had agreed on a nine-point prospectus, to which a tenth was added during the week. Despite their desire to keep the task within bounds, the entire effort continued to snowball as each facet of re-organization was pressed as especially important by one group or another.

On Tuesday, Gant made a preliminary report to the Task Force Steering Group on the number, subjects, and personnel of the various working parties that were to operate as a part of the Organization and Administration Group. Throughout the week refinements in assignments were made and additional personnel were identified. In all, ten major assignments were projected, with reporting deadlines of Friday, April 28th.

Studies of structure were divided into three parts. Inquiry into the functions, organization, staffing, and relationships of the country missions and regional offices were vested in Work Party 1. To Work Party 2 was assigned similar responsibility for the several resources units (functional offices) and the related program services. A third work party was to concern itself with the participation by and the coordinating relationships with the Department of State and other departments and agencies as well as with international agencies.

The last of these three tasks Gant without hesitation reserved to himself and Barrett, since it would require difficult negotiations at very high levels. For the first two undertakings, he wanted to get persons who had had extensive experience in the regional and functional offices, respectively, and yet were well acquainted with public administration in a broad sense. After all, neither he nor Barrett had been a part of any foreign aid agency. For the regional-field office assignment, he asked Labouisse and Fitzgerald to release William J. Sheppard, a vigorous administrator with great interest in public administration, at that time the ICA Regional Director for the Far East, former mission director in Thailand, one of three who had made a report to Harold Stassen to help organize the Foreign Operations Administration (an ICA

predecessor), and some years previously with State, BOB, and USDA. Gant did not know Sheppard, but several persons had recommended him highly. Gant was turned down on the release, but Sheppard agreed to oversee the study at the same time he continued his Far Eastern responsibilities. While Sheppard's role of necessity was not an active one, he organized the working party on regional offices and missions, and put two of his most able staff members in the Far Eastern Office to work on it. Donald G. MacDonald, chief of the Korea Division, a Wesleyan and Princeton graduate in political science and public administration who had served as chief of the education and public administration division of USOM in Turkey and had been Executive Secretary of ICA, and R. Scott Moore, Sheppard's Regional Executive Officer, who had had overseas experience and management posts in Washington, were equipped by training, experience, and interest to take on such a Task Force assignment. Moore, particularly, spent almost all his time on the Task Force assignment. MacDonald knew Barrett well from the 604 study, and Moore knew him from some years previously. Ideally, Gant would have preferred an outsider to assist Sheppard for purposes of balance, but the efforts to recruit one were not successful.

For the functional offices, Gant turned to the DLF, not ICA. Partly this was due to the fact that there seemed to be no suitable candidate for the study in ICA. James Grant was working with the Program Development Group, Gray had his specialized assignment, Fitzgerald was busy running the agency, and Grady did not strike Gant as a happy choice. ICA was widely viewed in public and political circles as the epitome of what was wrong with foreign aid. Both Fitzgerald and Grady were symbols of the past. Furthermore, Gant already had Grady's thinking in the Blue Book, and there was no reason to ask him to do another report. There were positive reasons for Gant turning to the DLF, however. Joseph S. Toner, the Secretary-Treasurer, had a strong background in public administration academically (at Minnesota and Syracuse), in his experience with the former Public Administration Clearing House in Chicago,

and at responsible levels in Washington (Executive Secretary of the Mutual Security Agency, the White House Disarmament Staff, and the DLF). Coming from the DLF he would certainly represent a functional point of view, and when Gant interviewed him, Toner made no secret of his bias. Toner had the initiative to get a complicated task done on time, and this was an important attribute.

Toner turned to the job of organizing his work party with considerable vigor. He outlined ten or twelve areas that needed examination and, eventually, reports or memoranda, and sought to recruit enough skilled associates so that the work could be completed in time. Several memoranda he undertook personally -- on capital projects, development financing, and facilitating the role of American small business in the foreign aid program. To help him on questions concerning the DLF, capital projects, and engineering services, Toner asked Edmond C. Hutchinson, a former DLF colleague (Assistant Deputy Director for Operations) and at that time with the International Division of RCA in New York City, to come to Washington. For a study of the technical services of ICS -- the education and human resources box in the organization chart -- Toner called on John Corcoran, associate director of the Public Administration Service of Chicago. Research, planning, and organizational relationships to multilateral assistance he farmed out to William L. Parks of Grady's staff. Parks also worked on the Food for Peace report; Herbert Waters, Special Assistant to Labouisse, contributed to it too. Several of Toner's group participated in discussions leading to a memorandum on the Peace Corps, but formally this topic was handled by Barrett and Gant.

The development of program processes and procedures was a work party topic that overlapped with the Program Development Group, and that Group was asked to come up with a study on it initially. By the time its rather general thoughts were made known, Gant's group never had an opportunity to examine administrative processes in detail during April or May, and action was postponed until summer. The Blue Book thus remained for some time the only

report that had tackled in a detailed manner the processes of the new foreign aid agency, even though its suggestions had been rejected. The Coffin group provided a second work party on "Assistance to Development Planning in Underdeveloped Nations," and a paper by that title, authored by Everett Hagen, was forthcoming on April 18th. AMMIT economics professor, Hagen was especially impressed with the need for better administration if economic development progress was to be made abroad.

Originally, a work party on relationships with private aid-giving organizations was scheduled, but nothing was ever done on it, although it was partly covered by the Only paper or working party. Effort had to be concentrated where the major problems were, and these involved the internal organization of the new aid agency and its relationship to the Department of State and other agencies active in the foreign aid field directly.

In the management area, three work parties were projected. One on administrative management was initially formally assigned to Professor Wallace Sayre of Columbia, a public administration expert whom Gant asked to help out. Sayre's time was extremely limited, and consequently he was not able to carry out the assignment. Instead, it fell to Robert Biren, Grady's Director of Management Planning. At 50, Biren had had wide administrative experience at a state, international, and U. S. agency level, and had served with Public Administration Service as well. He did not see eye-to-eye with Corcoran on administrative matters, however, Biren being more management-oriented. Gant's term administrative management was confusing, since what Gant really wanted was some help on the superstructure of the agency, such as the position, functions, and staff arms of the deputy and administrator. Between Sheppard and Tener, the rest of the organization had been covered. Instead, Biren produced a more ambitious piece of work, including a complete organization chart, functional statements for each unit of the agency, and detailed personnel estimates for each. It was reminiscent of some of the detail to be found in the Blue Book, although it did not deal with

administrative processes. The report was laid aside, and played no important part in the April-May deliberations. The main subject of the report -- functional statements and personnel estimates -- was not reached by the Gant Group until June, and then a markedly different organizational arrangement than Biren suggested was in the picture.

The other two work parties were devoted to financial and personnel management, respectively. On the recommendation of Toner, Gant selected Karney Brasfield, vice-president of an accounting firm and former Assistant Comptroller-General of the United States who had once done a survey for the DLF, to undertake an examination of the financial area, and to concentrate on each financial sub-function, setting forth recommendations as to the role of each part of the agency in regard to it. The important personnel area was assigned to a work party consisting of James M. Mitchell of the Brookings Institution and Donald D. Fowler of the International Bank for Reconstruction and Development, both with extensive experience in the personnel field. Among the questions they considered were pay levels of top positions, statutory positions, transfer of employees to the new agency, and the personnel system for the new agency.

In addition to the ten projected work parties, a few special reports were requested as new problems arose. Labouisse had offered Gant the services of Robert L. Berenson, a returned overseas mission director without assignment at the moment. When Gant was subsequently assigned responsibility for coming up with recommendations on educational facilities abroad for the dependents of mission personnel, he called on Berenson to make a report, which provided a useful guide to action. It remained outside the areas of controversy, however.

Many suggestions or reports came to Gant unsolicited. Stanley Andrews, former acting director of the Technical Cooperation Administration, sent in a proposed organization chart to ICA in early April which was forwarded to Gant. There were many fewer such proposals than in late 1960 and early 1961, however.

One staff member was added to the inner part of the Organization and Administration Group the latter part of April. He was Howard Ball, of the Federal Aviation Agency. He had formerly been with the TVA and with the Bureau of the Budget, where he had become good friends with Barrett. It was Barrett who sought him out and convinced Gant to add him to the staff for a few weeks. Ball had had valuable experience in reorganization work in the FAA. However, he never developed the intimate relations with Gant that Barrett did, and his assignment with the Task Force was relatively brief. Among his contributions were those of language -- of sloganeering -- such as a call for "lean and clean" lines of authority.

Internal Group Relations. The three working groups of the Task Force were organized in quite different ways. Particularly noticeable to those working for Gant were the contrasts between the Program Development Group and their own. Coffin had arranged for a core group of full-time personnel, plus a large panel of consultants chaired by Millikan. The procedure was collegial, in effect, with each person who had been assigned a topic reducing his findings to writing, and the papers being discussed and debated, and then approved, modified, or rejected, in group meetings. A group approach was also being used by those engaged in legislative drafting.

From the beginning, Gant felt that such a procedure was unworkable for his group. Originally, he thought of playing the role of father adviser to several semi-independent groups who would probe into a series of working hypotheses he would set forth. This idea fell by the wayside because of lack of time. Gant was able to see his working party personnel only occasionally, between a continual round of meetings with the Task Force and outside agencies. He was well aware of the many conflicting points of view on organization and administration of the proposed new air agency, and he was determined not to repeat the mistakes of past efforts such as that of the Growth for Freedom March 4th paper, with its unhappy series of compromises. The only way to prevent that and the wrangling and delay entailed in it was to keep the

decisions firmly in his own hands. He had found this technique to be required of many administrative situations he had faced over the years. His quiet, forceful manner of administration was not something special that he developed for the operations of the Task Force Group. He wanted and regularly sought exposure to varying points of view, but when the chips were down, he wanted to play the hand himself, without outside kibitzing. A Task Force Steering Group associate said of Gant's work, "You don't direct George; he's a pro."

Consequently, Gant did not set up a central working committee or a group clearance process. Except for Barrett, who throughout the exercise was intimately associated with it in every way, the entire responsibility rested upon Gant. A series of persons were given pieces of the job, but no one group was given too large a piece. The recommendations of each working party were to be turned into Gant, and he would decide what should be done. No provision was made for working out jurisdictional problems among the several parties, with the result that several of them went far afield and produced general or at least very broad reports. This was especially true of the Biren, Toner, and Sheppard parties.

The internal management of the Organization and Administration Group became a subject of great concern to the working parties, and a meeting was held on April 20th to review the situation. Gant explained that the work had been divided into two phases, phase one being the preparation of organization and administration recommendations and text for the presentation volume and the draft legislation. In addition, important issues would have to be identified and background papers or memoranda would have to be prepared for Congressional witnesses. After that was out of the way, attention would be given to spelling out the decisions further so that an orderly transition could be made from the existing system to the new agency. The spelling out and transition would constitute phase two.

There had been criticism of overlapping assignments and lack of a staff or committee discussion and clearance system. Gant explained that both objects of criticism were true but he had planned it that way deliberately. The assignment of the preparation of reports that would overlap would provide him with a basis for reaching independent conclusions. The several phases of the proposed new foreign aid organizational pattern would be tied together by Barrett and himself, after making certain that they were consistent with the recommendations of the Program Development Group. The final draft for the presentation volume would be reviewed by a small group, including Barrett, Price, Sayre, and himself. As conclusions on specific points were reached, they would be presented to the Task Force Steering Group.

The meeting and the explanation did not quiet the criticisms of many of the members of the working parties. There were claims that Gant and Barrett were not interested in the selection of subordinate working party personnel. They were being too cautious, holding power in their hands. Some working party members resented the implication that they would gang up on Gant if meetings were held. One working party chairman concluded that "George's management of our Task Force group was his greatest shortcoming." Another reflected, "Gant had his own orientation on the aid agency when he came. He didn't know the existing agencies, didn't find out about them adequately, and he didn't listen to ideas contrary to his thinking. Therefore, he ended up where he began."

The size of the parties became large and by the latter part of April, 18 persons were working on one or another aspects of the group's work. Many persons served on only a part-time basis, and most of them did not have permanent offices in the Task Force headquarters. There was thus a certain lack of group identity and the operations of the group were spread through many parts of the State Department Building, other government offices, and even beyond.

Of course, the several working parties did not stay entirely separate. Their members knew each other from past associations, and in any event checking back and forth was readily possible. Information and preliminary drafts of reports were exchanged among them informally. There was even some exchange of reports between the working parties and the various parts of the Program Development Group. Toner had close contacts with that group, since his former boss, Coffin, was the chairman of it. For ICA personnel, Grant was a point of contact. Some of the interrelationships produced sensitive situations. For example, William Parks was helping Toner on one set of recommendations, but his superior, Biren, was doing a separate working party report with different recommendations. Scott Moore, who also knew management planning (which Biren headed) well, was with Sheppard's party. Biren's superior, Grady, had his own ideas -- and his own problems with Gant. Like Grady, Biren did not penetrate the center of the Organization and Administration Group.

One of the instructions that Gant gave to his associates was not to draw up organization charts prematurely. He was most insistent that neither Barrett nor Howard Ball engage in such a pasttime, and he wanted the working parties to follow much of the same procedure. As the days went by, it became harder and harder to enforce this restriction. Finally, on a Friday evening in late April, several of the members of the working parties met with Gant and Barrett to talk over their ideas to date. Those present were principally from the two major organization working parties -- Toner, Parks, Corcoran, Sheppard, Moore, and MacDonald. After some discussion on various points, John Corcoran of Toner's working party got up and began to sketch out on a large board the kind of organization he conceived was most suited for the new foreign aid agency. Toner and Parks agreed with him. As was true on other occasions, Gant and Barrett failed to join the argument. Consequently, the discussion did not lead to any conclusions. The result was that the Toner group felt that it had been an unsatisfactory session, and Gant was once again

reminded of the danger of having the working parties go too far in drawing organization charts, especially in group meetings.

In the manner of going about their assignments, the working parties were influenced by the contacts that their members had. Biren and Parks, for example, checked with Grady from time to time and relied heavily on the Blue Book. Parks passed on the Blue Book to Toner and others. Toner and Hutchinson had sessions with the DLF staff on their proposals, asking them for criticism both as to concept and as to numbers of persons required for certain tasks. Sheppard's party had close ties with the regional offices. In the end, many of their recommendations reflected these backgrounds and contacts. A Blue Book, regional office, and DLF position were discernible in several of the reports that Gant received. If it was different points of view that he wanted, Gant obtained them.

Formulating Proposals and Securing Approval. Gant's relations with his working parties was less of a seminar character than he would have liked. His relations with the Coffin Group in practice also varied from his expectations and preferences. Since he believed that organization and administration should reflect program decisions, or otherwise program would be warped by organization and administration, Gant had originally intended that the Program Development Group should provide the program guidelines that would be the basis for the activity under his jurisdiction. Thus in his view it had been entirely appropriate that Coffin's group had organized a week or two earlier. As the volume of work and the tight time schedule pressed upon Gant and Barrett, it was obvious that such an orderly procedure was out of the question, and they adopted instead the idea that they would check their recommendations against those of the Coffin group for consistency. Through his membership in the Task Force Steering Group, Gant had an opportunity to comment on proposals emanating from other parts of the Task Force, and he took occasion more than once to suggest that a matter under discussion exceeded the terms of reference of the Coffin group or at least that consideration of its

organizational implications belonged to his group. He and Barrett also regularly received the papers from the Coffin group. Contact between the two units was not close, although informal conversations took place daily, especially after hours and there were one or two formal intergroup meetings. The Program Development Group did not complete its work in time for Gant to wait for it, and in the press for action in late April and early May, the Organization and Administration Group had to move ahead without full program guidance. Coffin, of course, was a member of the Task Force and would ultimately review any proposals of Gant. And the President's Message of March 22nd had laid down major program guidelines.

Aside from relations with his working parties and the Program Development Group, Gant had to be concerned with other facets of the development of his proposals and their approval. From the beginning, he wanted to formulate some working hypotheses that would provide common guidelines to the several working parties and which would also help in pushing his own thinking farther along. He highly respected the judgment of Dean Don K. Price, his former Ford Foundation colleague, and he asked him to come to Washington for two days to see if some propositions could be set forth. On Friday and Saturday, April 14th and 15th, Gant, Price, and Barrett devoted many hours to the topic. They began with the President's Message on Foreign Aid of March 22nd and TFSO action to date, and blocked out a series of assumptions and more detailed questions following from these two sources. The fruits of their efforts were distributed in dittoed form to working party personnel at the meeting the following Thursday, April 20th.

While Gant could largely control the nature of the recommendations that came from within his Group, he had no direct means of exercising similar influence over the Task Force Steering Group or the various affected agencies that might lodge appeals against his proposals. As for the affected agencies such as State, Treasury, Agriculture, and others, Gant heavily weighted his appointment schedule in their direction, seeking to solicit their ideas.

Common ground could possibly be found, but if not, perhaps he could at least anticipate the nature of their objections before they made their appeals.

The Task Force Steering Group was an entirely different kind of hurdle. Each of the interested agencies were represented on it, so it represented one point at which they could make their appeals. He did not relish going before such a large and ponderous body with specific organization and administration proposals, but that was the procedure laid down during the first three weeks of Task Force work. Gant waited, and together with other Task Force leaders he was successful in getting the TFSG put aside as the basic body for approval of proposals. The informal TFSG was created, and at its first meeting, on Tuesday, April 25th, Gant made his first presentation of any importance on suggestions in the organization and administration area. He drafted a three-page document, "Organization and Administration -- Some Tentative Conclusions," which he distributed at the meeting. Most of it was devoted to outlining his recommendations on the relation of the new foreign aid agency to the Department of State; rather than present all of his proposals for discussion, Gant had decided to try a piecemeal approach to the informal TFSG to see how it worked out. The meeting was an unhappy one from Gant's point of view, and his proposals were more or less shot down. He determined never again to go before the informal TFSG before his entire organization and administration package was worked out.

Nor was there time to do so. The deadline for reports from Gant's working parties was Saturday, the 29th. Gant, Barrett, and Ball did not take the time to go over the mass of reports in detail for several reasons. First, there was the press of time. Second, through previous discussions with the working parties, they felt they had the benefit of their varying points of view. Third, Gant never intended to use the reports in making up the final proposals for organization; the working party technique was to him a device to bring ideas to his attention, not one to serve as the basis of the final report. Finally, the three were no longer without their own conclusions by

the 30th; they had made up their minds on many points.

Early Sunday morning, April 30th, the three men began a long session. They had a large double pad on a tripod, and Ball and Barrett took turns trying to block out various parts of the agency, with Gant active in criticism and also putting forth his own ideas from time to time. Ball and Barrett tended to think in terms of what persons would fit where; Gant preferred to think of the organization apart from possible future personnel. By 6 PM a tentative master chart had been put together. First thing on Monday, they met again and before noon finished it up. Each box on the organization chart was identified and given a name, and its functions listed.

Barrett and Ball then turned to the task of writing a rough preliminary draft of the organization and administration section of the Congressional presentation volume. They finished very late Tuesday evening, and Gant took it home with him to review. It was easy to see from the expression on Gant's face next morning that he was severely disappointed in the rough draft. He confronted Ball and Barrett with the need for changes. As the men talked, they came to realize that part of the problem was terminological and the writing style that had been used -- Gant did not like such words as output, input, and element. There were a few conceptual items of difference, but not many. The most troublesome of all was the proposed Office of Development Research and Assistance which Ball and Barrett had to do over again completely. A second problem was the conception of the Washington regional offices.

A few changes were made quickly on Wednesday, and a dittoed first revision was hurriedly prepared for use in the conference and meetings scheduled for that day and the next. The conferences were of two kinds. For the bulk of the working party personnel there was a session to explain the proposals that Gant, Barrett, and Ball had come up with. Given the time table, and Gant's desires, none of those present had had an opportunity to go over the dittoed first revised draft, nor were most of those present ever given copies of it. It was basically a presentation by Gant, with Barrett and Ball flipping various

charts that had been sketched out. There were a few questions and objections, but they were given rather brief treatment by Gant because he made it clear that the purpose of the meeting was to report, not to debate. Toner, especially, objected to the treatment given to the functional offices, and Sheppard seconded by Toner objected to the participant training function being placed in the regional offices. The session did not extend very long; Gant had to excuse himself to go to another meeting. While the session was not especially helpful for the members of the working parties in terms of registering their objections, it was very useful to Gant in gaining practice at presenting the proposals and in learning what questions and objections would arise. After this meeting, most of the working party members faded out of the picture.

The second kind of conference was a continuing all-day session with a selected few individuals, including Gant, Barrett, Ball, Price, Sayre, and a few others. These individuals went over the draft carefully, and as a result a rewritten and considerably polished second revision was produced late Thursday, and mimeographed the next morning. Except for several policy changes forced upon Gant from the outside, this was largely the draft as it appeared in the Congressional presentation volume.

Gant was now prepared to present his entire organization and administration package to the informal TFSG. In preparation for the long meeting on Friday afternoon, May 5th, four memoranda on specific issues had been prepared and distributed in advance to those invited to the meeting. Food for Peace, the role of the ambassador, personnel management, and schools for dependents of Americans abroad were the subjects. Gant, Barrett, and Ball also made available the second revised version of the organization and administration material for the presentation volume, complete with organization chart (see Chart 13).

Those attending the meeting included Labouisse, Bell, Sternfeld, Coffin, Tannenwald, Sayre, and the three principal members of the Organization and

Administration Group. A surprise visitor was Fitzgerald, whom Labouisse had asked to attend. The presentation was made by Gant, and he used a finished set of charts to illustrate the proposals for various aspects of the new aid agency. The discussion that followed centered around three or four themes. One concerned the technical services -- Fitzgerald being especially critical of their treatment by Gant, and indicating so through questions. John Bell came vigorously to the defense of the proposals in this exchange and the day was saved. A second prolonged discussion occurred in regard to whether there should be a semi-independent development loan committee. Labouisse was one of those most critical of Gant's proposals on this score, and he was seconded by Coffin and others. Despite outspoken support from Sayre, further compromise by Gant was required. General concern of those present with such a committee and also with evaluation of aid agency performance through various means led Sayre to observe that the discussion was headed in the direction of assuring "no mistakes at all cost." Another topic that was much the subject of conversation was the relations of the new aid agency to the Department of State. Gant was forced to review it once again, and major changes were later made. Finally, this was the day that the agency was named. In writing up their first and second revisions of the draft for the presentation volume, Gant, Barrett, and Bell had to call the agency they were describing by some name, and so they adopted the rather simple expedient of calling it the Agency for International Development (AID), since the enabling legislation was to be called the Act for International Development. Previously, there had been much discussion both in and out of the TFSG about the name of the agency, and long lists of names had been compiled by the Secretariat of the Task Force and others. The name had been placed on the agenda of the TFSG several times, beginning the first week of April. Now, the name was adopted with very little discussion, and no real disagreement. It was one more decision out of the way.

The next day, Saturday the 6th, saw Gant, Barrett, and Ball at it again, and a third revision was completed incorporating those changes that were necessary by the decisions of the day before. Processed on Monday, the third revision served as the basis for reporting to a large group of persons on Tuesday morning. It was necessary for Gant to make some kind of report to the large TFSG and others from the interested agencies. However, Gant clearly realized that unless discussion were cut short at such an occasion and unless it was made clear that votes on the various organizational and administrative proposals were not going to be taken, his entire work of the last five weeks would be for naught. Labouisse, too, could see the dangers involved in an open meeting. It was therefore decided to make it clear that the meeting was only for the purpose of Gant reporting his recommendations. Thus around noon on Monday, an announcement went out from the Secretariat, accompanied by the third revised draft of the organization and administration section of the presentation volume, with an indication that Gant and staff would present the paper at a meeting at 9:15 AM the next day. The memorandum continued:

The meeting of the Task Force Steering Group has been called to expose the members of the Steering Group to the thinking of Mr. Gant and his colleagues.

If any member foresees any problem with the material, Mr. Labouisse would appreciate discussing the problem in a subsequent meeting on Tuesday afternoon; therefore, we would appreciate being informed by the close of business today if such a meeting is deemed necessary.

With such a blunt announcement, and timed as late as it was, the fact that there was no Tuesday afternoon meeting was hardly surprising.

The meeting became so large that it was referred to in retrospect as the "congress." The enlarged TFSG and nearly thirty others made up a group close to fifty. All the principal officers of ICA and DLF were there, and many representatives of State, Treasury, Defense, Bureau of the Budget, and similar agencies. Key Task Force personnel were in attendance, also. Labouisse again made it clear that the meeting was for purposes of making a presentation and not for purpose of debate or raising arguments. With the aid of elaborate charts, Gant set forth his views. The meeting went along reasonably well from

Gant's standpoint. Some questions were entertained at the end, but any real discussion was not permitted. Gant thus cleared the hurdle of the TFSG and the informal requirement of communicating his proposals to interested agencies. If any of them wanted to appeal the proposals before they reached Congress, they would now have to do so rather quickly, by approaching Gant, contacting Labouisse, or making an appeal to the White House.

No revisions were necessary as the result of the congress meeting, but there remained a number of personnel items that had not received adequate attention at the informal TFSG meeting of Friday the 5th. These were handled at a separate meeting of that select group on Thursday the 11th. Meanwhile, objections to the Gant recommendations were being made in many forms. Grady and others began sending memoranda to Labouisse protesting one or another facets of the proposals. Nothing much came of these. The presentation to the Congress was already late -- the hoped-for start of Congressional hearings on May 15th was now out of the question; because the legislative session was so well advanced, every moment counted. Labouisse did not give the material for the presentation volume a thorough review, although he did insist on the two-deputy idea. Time was short. Then, too, he had made his views on two or three items of major importance to him -- such as the development loan committee -- known during informal TFSG meetings. Finally, he felt that whoever was administrator -- himself or someone else -- could make modifications in the proposed organization at a later date. The new act would not spell out the organization proposals in any detail.

Others saw Gant directly -- in the halls, for breakfast, and in small conferences. However, Gant was heavily committed and hard to see and fairly much had his mind made up, anyway. He was busy working out the final details of the presentation volume material and the provisions that affected administration and organization in the draft law. The draft law by this time was taking rather definite shape. Gant's second and third revisions of the presentation volume material of May 4th and 6th provided the necessary basis for

most of the draft law provisions involved, and Kahn and his associates put out a rather polished third edition of the draft authorizing legislation, the proposed Act for International Development, on Monday the 8th. Two days later, the Bureau of the Budget sent copies of it around to the various agencies for clearance, with a request for replies by May 17th.

The final pre-Congressional hurdles were the White House and the Presidency, followed by the preparation of the Presidential Message that would accompany the draft of the proposed act and the presentation volume to Congress. White House clearance came at a large meeting on May 17th, attended by the informal FBSG and representatives of the Bureau of the Budget and the White House. Dungan chaired the session. It was a very long meeting to wrap up all remaining items confronting the Task Force. For it, Gant and his associates prepared a fourth revision of the presentation material. Basically, both David Bell and Dungan agreed with the direction of Gant's thinking, and the Bureau and the White House had followed Gant's thinking closely the last few weeks, so few changes were made in his material with the exception of one or two that were required for political reasons. The relation of AID to the Department of State was the one big issue in Gant's area that was discussed at length. There were no changes made in substance because of the pressures from interested agencies. In the case of Agriculture, an appeal to the President was effective. Otherwise, the proposals went through rather much as Gant had made them.

Gant and Barrett prepared fifth revision on Thursday the 18th, after the White House meeting and after having circulated the 17th draft to a select few persons. The final draft of the presentation volume was sent in by the weekend.

The fourth draft of the proposed Act for International Development came out on May 22nd, and this, too, was circulated to the various agencies by the Bureau of the Budget. As far as Gant's part of the Task Force work was concerned, there were two issues that arose in the BOB legislative proposal referrals. Some departments were critical of the implied power given to the Secretary of State and the Ambassadors. Some of the same departments plus others were anxious less their own role in foreign aid and technical assistance be slighted by a major new foreign aid agency.

### Decisions

Within this context of Task Force organization and functioning, the major decisions in regard to the organization and administration of the new agency were made. Although he was chairman of the Organization and Administration Group of the Task Force, Gant found that most of the major decisions were not entirely in his hands. The arena in which they were made was sometimes the working group, sometimes the Task Force Steering Group, sometimes the White House, and sometimes ad hoc meetings or conferences.

Food for Peace and P.L. 480. One of Gant's first moves was to carry out the consolidation of foreign aid activities called for in the President's Message on Foreign Aid. P.L. 480 and the Food for Peace program were among those listed by the President for consolidation in the new agency. However, even before March 22nd, the President had incorporated paragraphs relative to P.L. 480 in the Agricultural Message, and it had been decided that any changes in the legislation in this area would not be a part of the aid agency bill. In late March and early April, Orville Freeman, Secretary of Agriculture, former Governor of Minnesota and close political friend of Senator Hubert H. Humphrey, talked with Theodore Sorensen and the President separately on the importance of including P.L. 480 amendments in the Omnibus Agricultural Bill that was being prepared. Sorensen was uncertain whether this would be a wise move, and Freeman suggested that he talk with some of the members of the agricultural committees of the Congress. The Secretary argued that it was a popular program among farmers and farm groups and that in its inception and current conception in Congress it had been and was an agricultural act. It was a "natural" for the farm bill since the disposal of agricultural surpluses abroad would be given much greater support by Congress as an agricultural measure than it would as a part of foreign aid. To Freeman, the solution was obvious, and those who objected were politically unrealistic. After checking on the Bill, Sorensen concluded that P.L. 480 amendments should be included in the Omnibus Agricultural Bill, and the President accepted his recommendation.

It was a political decision based on the reaction of the agricultural committees and Congressional leaders, but it was not communicated at once to Agriculture or the Task Force.

At its first session April 6th, the TFSG requested John O. Ball to inquire into the roles of the United States Department of Agriculture (USDA) and the new foreign aid agency in P.L. 480 activities (George Gant not being in Washington). On Saturday, April 8th, he reported back that the White House had decided to include amending legislation in the Omnibus Agricultural Bill. This was a surprise to the Task Force, State, and ICA. It was somewhat disconcerting, as well, since the Task Force was fearful that such inclusion would prejudice the decision as to which agency was to administer various parts of the program. Only if the new aid agency could determine the countries where sales were to be made, the content of the agreements with the countries, and the use of any local currencies generated by their sale could the country programming emphasis of the President's Message be preserved. The Task Force favored separate legislation. It was immediately decided that Labouisse should contact both Freeman and George S. McGovern, Food for Peace Director, in regard to amending P.L. 480 to bring it more in accord with Task Force desires.

The Task Force members were not the only ones who were surprised and disconcerted by the Saturday disclosure. Herbert J. Waters, Special Assistant to the Director of ICA, formerly the chief of Humphrey's staff in the Senate, and previously with USDA, and now detailed by Labouisse to handle problems connected with the use of agricultural and non-agricultural surplus commodities in the aid program, was particularly unhappy because he had been out of town when the decision had apparently been made. McGovern, a former Congressman from South Dakota and good political acquaintance of Freeman, was also unhappy with the decision, since he wanted a large, separate Food for Peace Bill for which he would be given major responsibility. His current position as Food for Peace Director, placed him on the White House staff as Special

Assistant to the President.

Meanwhile, Sorenson's office had scheduled a meeting for Monday the 10th so that the White House, the Bureau of the Budget, and Agriculture could clear up the final details in regard to the Omnibus Agricultural Bill. Myer Feldman, Sorenson's assistant on legal matters, chaired the session. Attending from Agriculture were Freeman; Dorothy Jacobson, Special Assistant to Freeman; Charles Murphy, Under Secretary; John P. Duncan, Assistant Secretary for Marketing and Foreign Agriculture; and Robert C. Tetro, Administrator of the Foreign Agricultural Service, and others including Agriculture's legal counsel. David E. Ball headed HOB's representation. In a surprise move, both Waters and McGovern came to the meeting to protest forcefully P.L. 480 being included. They emphasized that a separate bill was important. Neither ICA nor Food for Peace were consulted, they pointed out. They asked for reconsideration. Their arguments were turned aside by Feldman who said that the President had decided that it was to be included. Freeman now knew he had been successful.

As Task Force and ICA personnel reviewed the situation, the only step that was feasible at this late date was to try to insert in the bill before it went to Congress provisions that would accord with maximum delegation of authority to the new aid agency. Most of the administrative arrangements of P.L. 480 were a matter of Presidential delegation of authority, but two items in the law needed changing, in the eyes of the Task Force, in addition to modification of authorization limitations: In regard to Title I sales of agricultural surpluses for local currencies, the President and not the Secretary of Agriculture should be authorized by the law "to determine the nations with whom agreements shall be negotiated." With such a change, the President could then delegate responsibility to the new aid agency. Secondly, the uses to which local currencies could be put should be simplified and confined to economic, social, and military assistance rather than be spread over a long list of items concerning which several agencies, including Agriculture, had partial control. With this change, more money would be available for foreign

aid, and also the President could delegate complete authority to the aid agency for allocating the purposes to which local currencies were put and not involve the BOB as arbiter of potentially competing uses. The Secretary of Agriculture would be confined to designating surplus commodities, protecting the American export market, and providing for the actual physical shipment of the surplus commodities. These changes would bring P.L. 480 activities in line with the President's Message on Foreign Aid, the Task Force believed.

The legislative drafting work party under Rehn had already been at work on alternative legislative language, and its first suggested provisos on these two matters were distributed within the Task Force April 5th. Rehn and his colleagues continued to concern themselves with possible inserts into the agriculture bill for the next two weeks. The Program Development Group completed a memorandum on Food for Peace integration in economic development programming on April 7th. It proposed that all aspects of agricultural surplus disposal be integrated into country programming by the new aid organization -- whether local currency sales (Title I), dollar sales over a period of years on a long-term loan basis (Title IV), donations to the needy through voluntary agencies (Title III), or donations to governments for famine or other urgent or extraordinary relief purposes (Title II). Shortly thereafter, its group of consultants announced they would carry out a general study on the use of food in development.

There was little time for the Task Force to press the issue, since the Omnibus Agricultural Bill was about to be sent to Capitol Hill. The Task Force was successful in having inserted in the administration draft of the bill a provision transferring to the President the authority to determine the nations with whom Title I sales should be negotiated. The Omnibus Agricultural Bill was introduced in Congress on April 17th. Thus when the Gant-Barrett-Price hypotheses or working assumptions for the Organization and Administration Group were dictated on April 20th, two of them concerned P.L. 480, and were based on expectation of a change in the law:

"The authority to determine nations with whom P.L. 480 Title I sales agreements shall be negotiated will be delegated to the administrator of the new assistance agency.

"The new assistance agency will be responsible for preparing initial drafts of P.L. 480 agreements and the transmittal of negotiating instructions."

Division of opinion between the USDA and ICA in regard to P.L. 480 had been growing sharper under the Kennedy administration. Partly the division had been accentuated by the President's call for a consolidated aid agency. Partly it had been a product of Freeman's growing interest in the international aspects of agriculture. He found this phase of his responsibility to constitute the real challenge in his new job. Plans for a world food budget had been going forward since February, and he felt that it would provide an orderly basis for the United States making a substantial contribution toward rectifying under-nourishment in the world. Domestic production -- as well as surpluses -- should be tied in with such world-wide plans, at least ultimately. Foreign and American agriculture were intertwined in countless ways, and P.L. 480 should logically be a part of a comprehensive agricultural program. While USDA in earlier days had more or less given ICA control over donations to voluntary agencies abroad, now it was eyeing the program with renewed interest, especially since there had been complaints as to how it was being administered in the field. In Title IV, USDA saw an opportunity to expand its activities abroad through what amounted to long-term loans for food shipped over a period of years. In time, Title IV sales could partly replace those made under Title I. It objected to the new aid agency exercising any new powers over Title I sales, since it felt that the agency would be too protective of the interests of third countries and not enough of American agriculture. Also, ICA had not shown much positive interest in the program in the past; untapped potentials were present.

ICA through Waters and Jabouisse and stimulated by the Task Force was developing its own plans for expansion of the P.L. 480 program. Waters felt that the donations to voluntary relief agencies abroad under Title III should

be sharply expanded, especially if additional products such as vegetable oils could be included, whereas the predominant feeling in the past had been that the program was somewhat like a pain in the neck, especially since ICA did not receive any money to administer it. ICA was just completing more than a three-fold increase in donations for famine and other relief requirements under Title II in the 1961 fiscal year, owing in part to broader provisions in the law permitting donations for economic development programs. And the Office of Food and Agriculture (one of the technical services of ICA) had suggested to the Task Force a record \$1.5 billion for Title I sales for 1962 and sharp increase in Title II and IV activities, as well. As for Agriculture's desire to expand Title IV sales to even a greater extent, ICA felt that it could be left holding the bag in many countries, since it was ICA economic aid that heavily financed their requirements for foreign exchange. ICA and the Task Force also felt that if Agriculture continued its control over Title I and IV, that the need to integrate all foreign aid would not be met nor the need for consideration of all general economic factors of the recipient countries before aid was extended. Agriculture was too oriented to American agriculture to be a satisfactory agent for administering P.L. 480.

On one Task Force decision, general agreement seemed to prevail. The new foreign aid bill should delete the provision of Section 402 of the Mutual Security Act that required ICA to use a specified <sup>amount</sup> (only about \$175 million) of its funds to finance importation of surplus agricultural commodities in countries receiving aid. Originally, the provision had been inserted by the farm bloc, but in terms of dollars it never amounted to very much compared to P.L. 480, and its effect was to reduce the amount of dollars available for general economic and social assistance. It had not brought agricultural support to the aid program, either. Section 402 had been used largely in Europe. Eisenhower's Food for Peace Director had supported its repeal, and continued to do so even after leaving office. On recommendation of the legislative drafting working party and the Program Development Group, the TFSO at its

first two meetings approved deletion of Section 402 from the new legislation and the decision never was seriously challenged in the administrative or legislative branches.

In effect, there were two unified command theories, one from the point of view of agriculture and one from the point of view of foreign aid. The interests of the agencies administering these two functions were real, and under any ultimate solution of the problem, some means for reconciling these interests would be required. John O. Bell, who was heavily involved in the P.L. 480 issue before Gant arrived full time, argued that the situation was parallel to that faced by the aid agency in regard to defense assistance, and just as in the latter case, some means would have to be found for resolution of the conflicting interests. Three questions were involved: who would make the initial decision on proposed P.L. 480 sales agreements, would there be a right to appeal, and who would be in charge of the ultimate resolution of the matter. While everyone realized that there would be very few disputes reaching an appeal stage, provision for them would be necessary and the agencies involved would want to know what the provision would be before they agreed to any change. If the initial decision were to be made by the aid agency, was the appeal to be to the Secretary of State, an interdepartmental committee, the Presidency, or some other point? The Task Force never resolved the issue, and no complete mechanic was proposed. The issue was too many-sided and the TFSG too pressed for time.

Although the Task Force did not come forth with a complete mechanic, the Food for Peace Office did. Increasingly, McGovern saw his role as that of coordinator and arbiter of the varying points of view of the aid agency and Agriculture. The Food for Peace Director was chairman of the cabinet-level Interagency Committee on Agricultural Disposal, but it met seldom, since disputes were settled before they reached such a stage. While his good offices were used on occasion to work out difficulties informally, McGovern saw clearly that the key group at present was the Interagency Staff Committee on Agricultural Surplus Disposal. Freeman himself recognized its importance by

...submitting to him his determination to abolish committees that were within or  
that reported to Agriculture. It was in this committee that final positions  
...agreements were reached, and it was chaired by Agriculture.  
...at its meetings, McGovern expressed a desire to chair  
...committee; this seemed consistent with his image of the role for the  
...Office.

The events of April 8th and 10th made Waters and McGovern at least two  
...the common foe, Freeman. When Cant visited McGovern for  
...about Food for Peace on Thursday, April 13th, one  
...subject the two men discussed was the transferance of McGovern's  
...agency, renaming the new Food for Peace, and giving  
...all aspects of surplus agricultural disposal.  
...with McGovern about this possibility.

...different reasons, each of the three men decided to press  
...changes in the administrative patterns of P.L. 480. In so doing,  
...and McGovern were taking on a difficult battle. They had a  
...cabinet member lined up against him, together  
...with supporting interest groups and Con-  
...to the White House of the  
...In contrast, Cant and W... had to coordinate with each other  
...through Saboulass, who was not at the cabinet  
...position. While it was true that McGovern was  
...he was far from having the influence and prestige  
...change had support from the Task  
...the Division of the Bureau of the Budget was also for  
...the P.L. 480 specialists in DDB, felt that  
...the President's Message  
...change, also.

...part of April was a period of preparation of positions rather  
...P.L. 480. Tetra and Duncanson occasionally attended their

some steering group meetings. The USDA took no official position on whether McGovern's office should be in or out of the White House or what its role should be, either at this time or later. Unofficially, it saw little proper role for McGovern's office. P.L. 480 activities could be handled perfectly adequately under existing arrangements without his office through such means as the interagency staff committee. However, Agriculture did not formally object to McGovern's idea of his chairing the interagency staff committee, given the fact of the existence of his office.

On Monday, April 24th, Gant turned his attention once again to Food for Peace. He visited McGovern and explored plans for him to transfer his office to an expanded office of Food for Peace in the new aid agency. As Director of IC, McGovern would have the rank of an assistant secretary, he explained. McGovern seemed willing to make the change, providing Agriculture was willing to transfer some of its work relative to P.L. 480 to the new office. Gant's visit was followed up by a three-way conference between McGovern, Waters, and Peter Jones, Executive Secretary of IOA, and also by a meeting between Barrett and McGovern. McGovern was leaning toward the aid agency.

The position of Agriculture was made clear to Gant when he went to see Freeman on Wednesday, April 26th. It was a long session, lasting most of the afternoon, and Freeman had both Hanson and Tetro sit in. Gant sought USDA's approval for transfer of some of the P.L. 480 activities. However, Freeman did not want to discuss Food for Peace apart from the entire USDA international food program. As insisted that the two were inextricably tied together. Giving up of USDA functions was not wise, he contended. Instead, Freeman said, Agriculture looked for a larger role in foreign aid. Specifically, Freeman argued that all technical assistance in Agriculture at home and abroad should be turned over to USDA, replacing the activities of the Office of Food and Agriculture of IOA at present. The USDA had the skilled personnel in this area, so it was the logical unit to administer the program. Surprised, Gant replied that this was beyond the Task Force's scope of authority. A

consolidated foreign aid agency, including both Food for Peace and technical assistance in Agriculture and other fields, was a given, stemming from the President's Message. No meeting of the minds occurred; Gant's mission was unsuccessful.

The following weekend Gant received the Toner working party report on the Food for Peace program. It had been written without benefit of discussions with McGovern or personnel in USDA, since contacts with them were considered sensitive and it was thought best for Gant to handle them. The report proposed a new Food for Peace Office in the aid agency with functions currently being performed by the P.L. 480 staff of the ICA Office of Food and Agriculture, the ICA staff connected with the Advisory Committee on Voluntary Foreign Aid, the Office of the Director of the Food for Peace Program in the White House, and some of the functions of USDA, especially those of the Foreign Agricultural Service in regard to P.L. 480. The interagency committees would be abolished, but an informal group, chaired by the new aid agency's Food for Peace Director, would maintain contact among the agency, BOB, State, and Agriculture. In the field, aid agency representatives, not the agricultural attaches, would assist the foreign governments in developing P.L. 480 proposals and programs. The USDA role would be confined to determining what surpluses existed, arranging for their shipment, and giving the aid agency advice.

Gant, Barrett, and Howard Ball did not start from the Toner report as they formulated the rough outline of the organization they were proposing to the TFSG for the new aid agency. They developed their own proposal over a period of several days, between Sunday and Wednesday, April 30 and May 3. They then sought approval of the informal TFSG. On May 4th, Gant distributed a Food for Peace proposal to Labouisse, Ball, Dungan, Coffin, and Tannenwald and announced that it would be one of the four or five subjects on which he would seek their guidance at a meeting on Friday afternoon, the 5th. The proposal was for a consolidated Food for Peace Office in the aid agency, with control over sales (Titles I and IV), donations to voluntary agencies, and

donations for disaster relief and for feeding needy populations. Negotiations abroad would be through aid agency representatives. The director of the new office would chair an interagency staff committee (Agriculture, State, Treasury, Commerce, Budget, and the regional assistant administrators of the new aid agency) which would advise the director concerning sales agreements. USDA's activities would be confined to those envisaged under the Toner proposal. The new organization chart of May 5th, presented at the meeting, provided for such an office (see Chart 13). The informal TFSG approved of the general outlines of the proposal, and it was part of Gant's presentation to the full TFSG on Tuesday, May 9th.

The Gant-Barrett-Howard Ball drafts of the organization and administration section of the presentation volume to Congress throughout the first half of May contained a page and a half description of such an office, and the description remained unchanged from draft to draft. It varied in only one particular from the proposal laid before the May 5th meeting. It made no mention of the interagency staff committee, but instead provided that the Director of Food for Peace in the new agency should chair the cabinet-level interagency committee.

However, storm clouds were gathering that threatened the proposal. The Peace Corps had broken through and secured its independence; the President's Message on Foreign aid of March 22nd no longer was a firm barrier. This strengthened the determination of Freeman not to give up any power over Food for Peace, and also strengthened McGovern in his desire to remain in the White House, especially if the new aid agency were not to have greatly increased P.L. 480 responsibilities. Agriculture reacted negatively to the Gant-Barrett-Howard Ball proposals. Tetro wrote to Waters on May 10th that the difficulty was that the Titles I and IV sales programs of USDA would be subordinated to the aid agency. He suggested that the new agency confine itself to a coordinating and leadership role. As such it could chair the interagency committee. On the other hand, the USDA should be represented in the aid agency's unit

for general policy development.

Labouisse met with Agriculture representatives during the second week of May in an attempt to iron out the difficulties. Waters urged him to use a positive approach in his conference with them, by arguing that the new aid agency would make the use of agricultural surplus commodities more effective in foreign aid. No agreement was forthcoming. A decision at the White House or Presidential level was required.

One of the urgencies facing him the latter part of the week of May 8th was to prepare a draft of a proposed memorandum to the President that Labouisse could send on the subject of the relation of the new aid agency to the USDA. Barrett, in consultation with Waters, drafted a proposed memorandum for him. Barrett and Waters saw eye-to-eye on P.L. 480 and Food for Peace. They wanted it transferred to the new aid agency, and McGovern to head it up. Presumably, Waters would be a deputy to McGovern or continue in his capacity as Special Assistant to the Director of the agency. However, Peter Jones, Executive Secretary of ICA, was not as emphatic in his views, and wanted Labouisse to send a more moderately-phrased memorandum. Therefore, the final draft that Labouisse signed was toned down from the Barrett-Waters version, especially concerning the argument that Agriculture was trying to upset a decision that had already been made by the President in his March 22nd Message.

Labouisse forwarded his memorandum on Friday the 12th. It began by referring to the President's Message on Foreign Aid and its call for a consolidated agency including Food for Peace. The memorandum then outlined the proposed new Food for Peace Office in AID, together with its role and powers. Labouisse pointed out that the authority for delegating powers to AID relative to Title I was contained in the proposed amendments to P.L. 480 which were in the Omnibus Agricultural Bill now before Congress. Taking cognizance of USDA's arguments, he said that they were inconsistent with the unified country program and integrated aid agency ideas. Furthermore, the transfer of Food for Peace to AID would enhance the use of surplus agricultural commodities overseas.

McGovern could delay taking a strong stand no longer, and on Friday the 12th he, too, sent a memorandum to the President on "Proposed Food for Peace Organizational Status." While theoretically it seemed that Food for Peace should be in AID, he reported, in practice he felt that his office should continue in the White House and he should remain a Special Assistant to the President. First, Title I of P.L. 480 constituted the bulk of the program and to put it in AID would be dangerous politically in Congress. Second, if his office chaired the interagency staff committee, the Office of the Director of the Food for Peace Program could provide coordination between the varying points of view of Agriculture and AID; the USDA agreed with this part of his proposal, he said. Third, coordination of his office with AID would be provided by the latter's representation on the interagency staff committee and by McGovern's attending all essential staff meetings of AID. Fourth, the political and public relations impact of Food for Peace should be located at the White House; the publicity function should be centralized if it were to be effective. Finally, McGovern's office should provide stimulus, coordination, supervision, and information in regard to the program, it should evaluate the work of the missions overseas in regard to Food for Peace, and it should represent the United States at international food meetings. McGovern was influenced in his action to stay out of State both by those close to the Agriculture Committee of Congress and by Vice President Johnson.

Agriculture relied heavily on its contacts with the agriculture committees of Congress to win its arguments, although Freeman also sent a memorandum to the President on May 5th and continued his cabinet-level discussions. He talked with Chester Bowles, Under-Secretary of State at a cabinet meeting the second week of May, and he followed this up with a letter to Bowles giving his views in detail. He felt that food and agriculture were highly significant in contributing to the world's welfare and needed greater emphasis. He also set forth a concept of the new aid agency as a planning and coordinating body, with operations delegated to the regular domestic departments such as

USDA. After clearing with Labouisse, Bowles replied that while agriculture and food were important, the President had called for a single aid agency, not just a coordinating mechanism. However, he assured Freeman that AID would continue to use the regular departments in its program, just as ICA had done, and would expand such use and the exchange of personnel with the regular departments.

The White House meeting scheduled by Dungan for Wednesday the 17th to clear up the remaining organization and administration issues of Gant's working group had Food for Peace as a prominent part of its agenda. Both ICA and Agriculture took last minute steps to reinforce their positions. Waters prepared a special memorandum for Labouisse outlining the position he should take. Transmitted on the 15th, it was a ten-page document entitled "Why Food for Peace Should be Integrated into the new Aid Agency." The main argument was that lack of responsibility for Food for Peace would handicap AID in carrying out its function. Unified country programming was at stake, since agricultural surpluses played such an important part; in some countries they were the largest segment of aid. Their use should be governed by the same criteria that existed for other aid. Since Food for Peace took on the coloration of the agency that administered it, it was essential that AID control it. McGovern's office thought only of the one segment of foreign aid and USDA thought primarily of American agriculture.

For some time, Waters, McGovern, and Freeman had been clashing more and more, even though they had had a common political base initially. As the May 17th meeting approached, the rupture between Freeman and Waters was especially marked. Waters felt that Freeman had changed his argument as the weeks elapsed. First Freeman had been successful in having the Food for Peace paragraphs inserted in the Agricultural Message. Then he used this as part of the argument for inserting the P.L. 480 amendments in the Omnibus Agricultural Bill. Now he was using this fact to argue that USDA should continue to administer it as it had been doing.

Freeman was conscious of the bureaucratic pressure from the Foreign Agricultural Service not to change the administration of P.L. 480 as well as the special interest of the agriculture committees of Congress, but for the most part his position was the result of increasing interest in foreign agriculture and a desire to implement a complete farm program. He restated and expanded upon his views the day before the White House meeting in a 14-page paper on "How American Agriculture Can Make Its Maximum Contribution to the Foreign Aid Program." The paper emphasized both the provision of agricultural commodities and of agricultural know-how. In both instances, he reasoned, the USDA should have the initiative. He saw a foreign aid agency as a planning and coordinating unit, with high-level Agriculture representation in the aid agency planning process. P.L. 480 and technical assistance in agriculture should then be turned over to the USDA. The familiar arguments were restated: Congressional desire and intent, maximization of Congressional support, a unified agricultural program, and the unique skills and store of information of USDA.

With White House, Bureau of the Budget, and Task Force representatives present, the meeting on the 17th turned to the P.L. 480 issue. The positions of the White House and Bureau of the Budget in general and of Ralph Dungan and David E. Bell in particular were similar. The P.L. 480 issue would have to be compromised. The President's Message and the Task Force position could not be affirmed given the feelings of a member of the cabinet, Freeman, and the attitude of the agriculture committees in Congress. As for the Food for Peace office, it should remain in the White House. In terms of publicity and public relations value, it should be located there. Also, there was the unstated fact that if McGovern was ever to run for public office again, such as for the Senate, he needed to be more visible than he would be within AID. The decision included a request of the participants in the dispute not to press the issue further until after the agricultural and AID authorizations and appropriations had cleared Congress. For the moment, the status quo

apparently was to remain, although the roles of Agriculture, AID, and Food for Peace were not explicitly spelled out. The decision, as Gant recalled, was "to keep it fuzzed up."

There remained the bringing of the section on Food for Peace in the Congressional presentation volume and the proposed AID authorizing legislation into conformity with the events of May 17th. Gant and Barrett turned to the latest draft (May 16th) of their presentation material and on the 17th replaced the Food for Peace section with one on the "Office of Commodity Assistance." The Food for Peace label had been lost to AID. In addition to having responsibilities for donations of surplus government commodities and equipment in the aid program and extending assistance to small business to participate in the aid program, the Office of Commodity Assistance would serve as the focal point of AID's responsibilities under the Food for Peace program. It would maintain liaison with the Food for Peace Office in the White House, represent AID on the interagency staff committee, and handle donations to voluntary agencies and relations with the Advisory Committee on Voluntary Foreign Aid. Concerning Titles I and IV and Title II there was some difficulty of language. The draft on the 17th stated the AID Office would handle these "in accordance with approved country programs," but this was too strong, given the events of May 17th. The final draft added that AID would do so "together with the Department of Agriculture."

Meanwhile, the third and fourth drafts of the proposed AID authorizing legislation were circularized by the Bureau of the Budget for clearance by the various interested agencies. On May 19th, Freeman replied to BOB with a seven page letter, outlining why P.L. 480 should be under Agriculture. It was a condensation of his paper of the 16th, with its suggestion for AID to be confined to planning and coordination and for Agriculture and other departments actively to help AID in planning. Operations would be in Agriculture and the other domestic agencies; they could do the job better, be it P.L. 480 or technical assistance. He wanted it understood that nothing in the new AID legislation should be contrary to such a view.

Draft IV arrived in Agriculture on May 23rd, and Dorothy Jacobson and others visited with Christopher Weeks of the BOB International Division about it. Generally, they wanted to make sure that there was no restrictive language in the bill that would prevent the question of the role of the regular domestic departments in foreign aid from being raised in the future. They were especially concerned over the role of the Secretary of State in integrating foreign aid programs of all kinds in Washington and the Ambassador in overseas missions, since the draft seemed to give them broad authority. Their points were well received, and the offending clause concerning the Secretary eliminated. The reason for the clause being stricken lay elsewhere, but Agriculture did not realize this (See section on the Role of the Ambassador, below). As they left Week's office, they felt that the draft was acceptable. Freeman replied in writing on the 24th to formalize the record. It was his understanding that USDA's functions in the agricultural commodity program would remain unchanged, he wrote. He detailed one or two provisions which Agriculture feared might be construed otherwise.

Freeman also took one other step that week. On Monday, the 22nd, after clearing with Secretary of State Rusk and White House Special Assistant Dungan, he testified before the House Agriculture Committee that no changes in the administration of P.L. 480 were envisaged by the administration. Receiving such testimony and given their point of view in any event, the agriculture bloc in Congress eliminated the provision transferring from the Secretary of Agriculture to the President the determination of the nations with which Title I agreements should be negotiated. And Agriculture's right to use local currencies generated by the sales was enhanced.

Commodity Assistance. As Gant approached the end of blocking out his organizational proposals, there were many small functions that IOA performed that did not seem to fit in any one place. One of these was the facilitation and supervision of the use of non-agricultural surpluses from national stockpiles of excess commodities or equipment. Another was the function of assuring

that small businessmen in the United States have adequate opportunity to participate in supplying items financed under the program. A third was administering certain provisions of the law concerning overseas shipping and the use of water transportation for commodity shipments. Concerning the first activity, there had been some discussion in Gant's group of whether it was large enough to warrant a separate office such as ICA's Office of Supply Services, especially given the emphasis the President placed upon it in his March 22nd Message. Some preferred a general office for all kinds of commodities, in distinction to the money or people sent abroad under other parts of the aid agency program. Concerning the latter two, Tener's working party had recommended a central services unit to handle the flow of papers, "hung reasonably high on the organizational tree," because of the Congressional interest in these programs." The April 30-May 3rd sessions had resulted in Gant placing all three functions along with others in a catch-all unit called the Office of General Services (see Chart 13).

The events of May 17th gave Gant an opportunity to make some quick changes. With the decision to keep McGovern's Food for Peace Office in the White House and to maintain USDA's functions in regard to P.L. 480, the Food for Peace Office that Gant had projected for AID was now a mere shell, with just the responsibilities formerly vested in the P.L. 480 staff of the ICA Office of Food and Agriculture and the ICA staff for voluntary foreign aid. Without further debate or discussion, on May 27th he transferred the non-agricultural commodities, small business, and shipping aspects of the Office of General Services to a new functional office that he called The Office of Commodity Assistance (see Chart 14), comprised of several sub-units, one for each of its major functions.

Such a transfer created another problem, however. For some time, Herbert J. Waters, ICA Special Assistant to Labouisse, had been handling problems in exactly this area. He therefore became the logical person to head up the new Office of Commodity Assistance, with McGovern out of the picture. Waters had

been an advocate of a combined agricultural and non agricultural commodities office as well as including in it what he termed the total food resource activities of ICA, encompassing the whole of the activities of the Office of Food and Agriculture, not just the P.L. 480 portion. His argument was simple and direct: if agricultural commodities were not just to be viewed as an item for sale, but rather as a resource to help the underdeveloped countries, it followed that a unified agricultural resource program should be part of the new Office. Waters now pressed his point, but Gant rejected his appeal. Still, the issue was symbolic of the difficulty the proposed new organization would encounter as prospective executives were identified for one or another position during the Summer.

Peace Corps. The President's executive order on March 1st temporarily establishing the Peace Corps within the Department of State under the Mutual Security Act was not entirely clear. It did not spell out many of the organizational and jurisdictional questions of its relationship to aid agencies. On March 22nd, the White House staff had decided that permanent Peace Corps authorization should be a part of the general foreign aid legislative act. R. Sargent Shriver, the hard-driving Director-designate of the Peace Corps and brother-in-law of the President, informed the White House and the Bureau of the Budget two days later that he intended to appeal the decision. His desire for a separate bill, he explained, was to facilitate the obtaining of permanent legislative authorization more quickly. He assured them that the separate bill for which he would push would be without prejudice to the ultimate organizational relationships to the new aid agency. That issue could be decided separately. At the same time, in discussions and conferences, Shriver started emphasizing the need for Peace Corps independence. A vital new organization required an opportunity to make a place for itself, before it was hampered by the restraints of old bureaucratic organizations, he argued. His comments were so insistent on this score that it led some persons to wonder whether he already had assurances from the President that the Corps

would be independent.

As the President's Task Force on Foreign Economic Assistance began to organize, the controversies concerning both separate legislation and separate organization were unresolved. Technically, the latest word on organization was the President's Message on Foreign Aid of the 22nd, where he indicated that the Peace Corps would be a part of a consolidated aid agency. The latest word on legislation was the White House staff decision of March 22nd. The TFSO at its first meeting went ahead with the assumption that the Peace Corps would be a part of aid agency legislation and that the Task Force would have to work out satisfactory organizational relationships for it within the agency. Rehm contacted the Peace Corps legal counsel to work out suitable legislative language.

When Gant arrived, he assumed that the Peace Corps would and should be one of the four resource units, as provided in the President's Message and in the latest organization chart (see Chart 12). As he discussed the Peace Corps issue with a number of persons, it was apparent that Shriver did not have widespread support for his position. Nearly all those not connected with the Corps felt that it should be a part of the new aid agency, yet with a separate identity, perhaps as a separate resource unit. Still, the initiative had been Shriver's, since Labouisse had not pushed a position of his own, pending the implementation of the Task Force. It was Gant's responsibility to develop a position for Labouisse and to secure resolution of the organizational problems.

Under these circumstances, Gant met with Shriver and his Associate Director for Program Development and Operations, Warren W. Wiggins on April 12th. Wiggins, 39 and Colorado and Harvard-educated in public administration, was an able, bright, quick-moving executive who had been with foreign aid programs since 1949. He became associated with the Peace Corps at an early date, and from the beginning was Shriver's right-hand man. The previous December as Assistant Deputy Director for Programs in Grant's unit in IOA, he had argued

vigorously for a consolidated and integrated aid agency. Now he joined with Shriver in presenting a strong case for the independence of the Peace Corps. The Peace Corps needed independence for its proper organizational development. It was an experimental program, and only time would tell what program content and administrative policies would be best. It also needed flexibility in securing high grade executive personnel. Furthermore, the concept of the program that had finally evolved called not for just another foreign aid program, but for a program that would have genuine elements of educational exchange as well. It was to be a two-way idea, young Americans learning as well as giving. The April 12th meeting was supposed to be primarily for the purpose of briefing Gant on Peace Corps activities, but Gant found that it was something of an initial go-around with the Corps, as well. Wiggins had attended the meetings Gant had held for representatives of interested agencies on April 3rd and 4th and so was well acquainted with the prevailing organization chart and proposals. Shriver had begun to attend an occasional TFSG meeting, and was aware that the TFSG planned to include a Peace Corps funding category in the aid agency authorization bill.

Gant returned convinced that quick action was called for if the Peace Corps was not to be lost to the new foreign aid agency. The Gant-Barrett-Price conversations of the 14th and 15th were based upon the idea of four resource units, including the Peace Corps, and when the working assumptions were dictated and distributed the middle of the next week, they reflected this hypothesis.

Gant's next move was to ask Barrett for help in drafting a document that could serve as a basis for a later memorandum by Labouisse to the President. In its preparation, Barrett called upon Toner and others for supplementary assistance. Before sending it on, Gant asked Toner to review it. In general, he concurred, because of the assumption laid down for the Task Force that the separate components of foreign aid such as the Peace Corps, DLF, and ICA were to be put together. On the other hand, should the Peace Corps or other units

be given independence, he felt that the DIF, too, should be left separate. Actually, Tonar and Corcoran had projected a Peace Corps report, but cancelled it on Gant's request; he wanted to handle the Peace Corps himself with Barrett's assistance.

The Barrett draft called for integrating the Peace Corps into the aid agency. It presented several arguments for such a position. First, the President's Message had endorsed this course of action. Second, the concept of unified country programming required its inclusion. Thirdly, any flexibility that the Peace Corps needed could be obtained through the major revisions that were being made in aid agency personnel and operating procedures. In short, the Peace Corps should become a resource unit of the new aid agency, along with Food for Peace, development finance, and technical assistance.

The version of the proposed memorandum that went to the Task Force Chairman was edited by Gant on Tuesday the 18th and presented to Labouisse the next day. Labouisse took rapid action in forwarding his Memorandum for the President on Wednesday the 19th, with copies to David E. Bell, Roger W. Jonas (for Rusk, he being Deputy Under Secretary for Administration in the Department of State), and Shriver. It was a strong statement. It called for the Peace Corps Director to report to the administrator of the new aid agency, as envisioned in the President's Foreign Aid Message. The Peace Corps would have its own separate name as one of the four resource units, and its director would have the status of an assistant secretary, thus giving him substantial rank and authority. The Peace Corps would be in charge of the recruiting and training of its own selectees or Corps members, it would be given freedom to contract with universities or other private groups to handle Peace Corps teams "under direction of the administrator," and, in general, it would have substantial independence and high visibility in the organizational arrangements. However, the Peace Corps should be authorized in a separate title of the legislation creating the new aid agency, the Peace Corps program should be

subject to the qualification that it be compatible with and a part of the country programs approved by the regional assistant administrators, and the Peace Corps should make full use of the supporting services of the new aid agency, including law, personnel, public relations, finance, and administrative services.

The International Division of the Bureau of the Budget found the memorandum much to their liking. However, they felt that should it be necessary, there would not be much harm in separate authorizing legislation. On Friday the 21st they prepared a memorandum suggesting that this change be made and modifying some of Labouisse's other proposals in minor respects.

Shriver was leaving that weekend for overseas, and Labouisse's action in sending the memorandum quickly meant that it reached him just in time. It was a mark of Labouisse's administrative behavior that he had no desire to proceed on a matter without informing the parties affected. Shriver was very unhappy with the memorandum, and expressed his views to Labouisse. The latter, not wanting to appear unreasonable, informed both Shriver and Rusk that he was sure the matter could be worked out satisfactorily, in effect somewhat retreating from a few of the sharper points in his memorandum.

Concerned with what might happen while he was gone, Shriver took three actions on Friday the 21st. He wrote a letter to Labouisse, with copies to the President, Vice President, and White House Special Assistant Dungan, explaining that he would be leaving for overseas and he hoped that while he was gone nothing would be done to jeopardize the independence of the Peace Corps. He then proceeded to spell out his own feelings on the Labouisse memorandum. Our disagreement, he wrote, lies in your call for a combined piece of legislation, subjection of the Peace Corps to the authority of the regional assistant administrators and the country programs, and the requirement that the Peace Corps use the central staff services of the new aid agency. The Peace Corps would be such a small fraction of the huge new aid agency that its visibility would be seriously impaired.

His second step was to send a memorandum of his own to the President outlining the Peace Corps position. Labouisse did not receive a copy. The differences between the Task Force and the Peace Corps, he explained, were one of degree. The Task Force's accommodation to the Peace Corps' needs for flexibility and freedom was not great enough. The only way to achieve these needs was to go further and accept a position approving separate authorizing and appropriating legislation, with the Peace Corps to receive over-all foreign policy guidance from the Secretary of State, the administrator of the new aid agency to coordinate Peace Corps work with that of his agency, and the Peace Corps to use the AOMs (aid agency field missions) as much as possible overseas. In addition, the Corps would consult closely with the regional assistant secretaries of the Department of State. These proposals amounted to a request for a quasi-independent agency.

Finally, Shriver talked with Wiggins at length as to what he should do if resolution of these issues were attempted while he was gone. He asked to be informed promptly by cable. If Wiggins needed any special help while he was gone, he should turn to the Vice President, Lyndon B. Johnson, upon whom Shriver had some time ago prevailed to serve as chairman of the National Advisory Council for the Peace Corps. A natural contact point with the Vice President was William Moyer of the Peace Corps who had headed Johnson's political staff in 1960.

Action was not long in coming. Dungan, receiving the memoranda for the President, recognized that decision on the matter could not be delayed without holding up the work of the Task Force legislative drafting party and Gant's Organization and Administration Group. After talking the matter over with Barratt and others, he convened a meeting on Wednesday April 26th; agenda: the Peace Corps status. Because of the broad support for its position, the Task Force was somewhat optimistic as to the meeting's outcome. Only the day before, on the 25th, George Gant, outlining some tentative conclusions on organization and administration in dittoed form and presenting them to an

Informal staff meeting had lasted four functional units, among which was the Peace Corps. Furthermore, it was felt that Labouisse would react strongly to the Shriver memorandum, since he had not received a copy and it went in a somewhat different direction from the communication he had received. An immediate appeal to the President by him, if necessary, was likely.

Dungan chaired the meeting for the White House staff, David E. Bell represented SCS but attended only briefly. Labouisse, Tannenwald, Gant, and Lutzke headed the Task Force delegation, and Wiggins was in charge of a three-man group from the Peace Corps. They constituted a sizeable group. Dungan brought forth the Shriver memorandum. Labouisse was surprised at the fact that Shriver had written one since he thought that Shriver and he were going to work out the matter among themselves; still, he made no strong protest. One by one the recommendations contained in the Labouisse memorandum were reviewed, and the opposing propositions set forth by Shriver in his memorandum. The discussion was lively, but Wiggins and his colleagues William Josephson and William Brown were both out-voted and outranked. The White House with Task Force encouragement favored all the points in the Labouisse memorandum. It was decided to recommend approval of such a course of action to the President. Wiggins had politely announced that he would have to inform Shriver and protect his decisions.

The Task Force contingent was pleased at having carried the day, although concerned with what Wiggins planned. Labouisse did not make quick contact with the President in support of the day's decisions. In contrast, Wiggins went into immediate action. He sent off a four page cable to Shriver, written in Ethiopia, indicating that the April 19th Labouisse memorandum had been read by the White House staff and the Bureau of the Budget. The Peace Corps would be permanently authorized through a separate chapter in the aid agency legislation, although a fund specifically designated for the Peace Corps would be included in the foreign aid appropriation bill. The administrator of the aid agency would have directing authority over the Peace Corps,

Wiggins reported; the Corps would be integrated into the aid agency and not just coordinated with it. It would not have a quasi-independent status within the aid agency. Shriver's memorandum was turned down, Wiggins reported, although it is not clear that the President yet knows of this fact. The "political considerations" set forth by the Peace Corps Director were ignored at the meeting, he said. In accordance with the Director's instructions, Wiggins went on, he was consulting the Vice President.

By week's end, the Gant Group began to construct a proposed course of action for Labouisse. Gant and several of the members of his group -- Barrett, Toner, Corcoran, Sheppard, and Biren -- and, in addition John Bell, discussed the various alternatives at a Friday evening meeting on the 28th. There was general approval by those present of the direction of the previous memorandum, except for a single dissenter. He was John Corcoran of Public Administration Service, an expert, experienced, and, to some, eclectic public administration specialist. He ventured the unpopular opinion that in order to sprout and grow wings, the Peace Corps needed independence. It was doubtful whether adequate flexibility could be provided within the new aid agency. He went on to predict that if the Task Force persisted in its views, it would lose its case, in view of the merits of the issue and in view of the fact that the Peace Corps had an effective and persuasive spokesman for its position in the President's brother-in-law. The latter point hit a sensitive chord. Among many members of the Task Force from Labouisse and Hall on down there was somewhat of a conflict between conscience and stomach on the Peace Corps problem. They believed it should be a part of the new aid agency, but they had no inclination to take on Shriver. While the President on March 22nd had gone in their favor and at the present was at least neutral on the matter from all that they could learn, the Peace Corps voice would be heard effectively in the Presidency at the appropriate time. With Labouisse only holding a temporary sub-cabinet post, the point of view of the Task Force might not be as persuasively put forth as that of the Peace Corps.

Gant recommended to Iabouisse that he see the President directly, pressing the point that the Peace Corps was seeking to reiterate the Presidential Message of March 22nd. Gant also feared that if the Peace Corps were successful, other groups such as Agriculture, Treasury, and even the DLF might similarly press for greater independence, with some measure of success. On Monday, May 1st, Iabouisse sought to see the President to present the case for support of the White House decision. A long National Security Council meeting was taking place that day, and the appointment could not be arranged. However, in the evening, the President and Vice President, along with Sorenson and Goodwin Kat and discussed the Peace Corps issue. The President sided with his Vice President on the grounds that the Peace Corps was a new agency and therefore needed operational independence.

The next day, the 2nd, Dungan wrote a memorandum to the Secretary of State, Dean Rusk, with copies to David E. Bell, Kenneth Hansen, Iabouisse, Gant, and George Ball, the Under Secretary of State for Economic Affairs. He reported that the evening before the President had met with the Vice President and it was decided that the Peace Corps would be a semi-autonomous unit within the Department of State. The Director would have an assistant secretary of state status and would report to the Secretary directly. Relations with the new aid agency had not been resolved at the meeting, Dungan wrote, but presumably this would be a matter for the Department of State to take action on. The Peace Corps was also to seek separate legislative authorization and appropriations.

Dungan asked Wiggins to have draft authorizing legislation, a program presentation proposal, proposals on administrative relations with the aid agency and State, and cost estimates prepared for the Secretary of State -- all of which were to be in hand before the foreign aid presentation to Congress. Wiggins replied the following day with a memorandum to the Secretary of State, indicating that he would have the draft authorizing legislation by May 15th. He then outlined the Peace Corps attitude on administrative relationships: it would use the administrative support of other departments as much as possible

in the field; it would coordinate its activities with ICA and the Under Secretary of State for Economic Affairs where appropriate; and it would explore sharing some administrative support services of agencies in Washington. The administrative relationships suggested were purposely vague. Not mentioned was the question of reimbursement for overseas administrative support, a question that John O. Bell sought to clear up the following week.

At a luncheon meeting on the 22nd, the National Advisory Council for the Peace Corps, Shriver and some of his staff, Rusk, Bowles, and John O. Bell discussed the future program and status of the Peace Corps. On May 23rd, the President finally spoke out on administrative relationships, in a letter to Secretary of State Dean Rusk. Consistent with maximum independence for them, Peace Corps activities were to be coordinated with those of the new aid agency and other appropriate units within State. Like the Wiggins memorandum for the Secretary of State, the letter was very general as to exactly what the relationships were to be. Ultimately, the letter was turned over to John O. Bell for action, in his capacity as Deputy Coordinator for Mutual Security. Until the new fiscal year, the Peace Corps had to obtain its money through Bell and the Mutual Security appropriations for 1961. As a consequence, informal clearance by the ICA regional directors was required for projects for which the Peace Corps needed funds before Bell released the money.

The Peace Corps draft bill was sent to Congress on May 29th, three days after the AID legislation. It proposed an authorization of \$40 million for the Corps in fiscal 1962. On organization, it was most general, allowing the President to exercise any of the Peace Corps functions through "such agency or officer of the United States Government as he shall direct." Shriver had kept his word on not prejudicing organizational relationships through separate legislation. Therefore, the way was open to reconsideration of the Peace Corps' organizational position in the future -- whenever the Corps would have its program sufficiently developed and enough experience with it so that integration could be considered, and whenever someone wanted to press the issue again.

Research and Planning Assistance. Even before the Administration took office, there had been strong support for a substantial program of development research as a part of the new foreign aid program, a proposal that received special backing from some of the academic personnel among the Kennedy supporters. Economists, particularly, had also supported an expanded program of assistance to underdeveloped countries to improve capabilities in development planning. If a country plan was to be the center to which foreign aid would be related, greater ability at planning, including background research, estimates and projections, and implementation was an urgent necessity. Professor Max Millikan of MIT was prominent among those supporting these two proposed activities. In March, the Growth for Freedom paper had recognized the importance of both activities, and had even suggested a separate research category for funding or authorizations.

Both Coffin and Gant's groups began to inquire into these areas. Toner, assigned all the functional activities of the proposed organization, arranged for a paper on both topics. Gant agreed with Coffin that Dr. Everett Hagan should do a paper for both groups on methods of assisting countries to prepare development plans. The Coffin group of consultants undertook papers on research and development, also.

Little by little, pressure was built up for separate offices for research and planning assistance. On April 10th Task Force members received a paper written by Gustav F. Papanek of Harvard, on the basis of his experience with the Harvard University advisory groups to the planning agencies in Pakistan and Iran. Because assistance to other countries in the planning area went to the heart of public policy and was a very sensitive matter, and because the supply of persons who could carry out such assignments was so limited, an aid agency-supported private institute for development planning should be created, perhaps attached to a university or a group of universities. It would seek to undertake the advisory functions abroad, the stimulation of interest in the field of development planning at home, and the identification of persons

that were interested. A short time later, an expanded version of the same idea received the endorsement of Professor Edward Fei of Wisconsin, and was passed on to George Gant. It called for a separate development research and planning staff attached to the deputy director for operations of the aid agency, and similar staffs attached to each regional office and country mission. They would undertake development planning in relation to the United States aid effort. The central staff would also have an important development research function, some of which it would carry out directly, but most of which it would contract out to universities, private research institutes, or the several domestic government departments. For facilitating aid agency assistance to development planning, the proposal called for a private, independent, and university-related institute for development planning to provide advisers, and a development planning training board that would make grants to universities to add to their staffs in the development fields of knowledge so that the supply of qualified persons in them could be increased in the future.

Interest in organizational provision for research and development assistance also came from Dr. Jerome B. Wiesner, Special Assistant to the President and Science Advisor. He was working with the President's Science Advisory Committee which had appointed a Development Assistance Panel, representative of scientists, government agencies, and foundations; among the sixteen members were Professor Max F. Milliken of MIT, Joseph Slater, no longer with the DLF but instead serving as Deputy Assistant Secretary of State for Educational and Cultural Affairs, and Stephen White, director of Educational Services, Inc., a consulting-research firm with close ties to Harvard and MIT. The first draft of the panel's report, "Research and Development in the New Development Assistance Program," was completed in early March, the second on April 30th, just as Gant was wrestling with the construction of the general lines of the aid organization. A final report was made later, on May 24th. It was a forthright statement in support of a separate research and development unit within the new aid agency. The functions of the unit would encompass both

the natural and social sciences. With a central staff of experts supplemented by consultants, the R and D unit would rely for much of its work on contracts with educational and research institutions. It would seek to carry on basic and applied research in development fields and to stimulate and subsidize the further training of Americans in them. Overseas, it would send evaluation and research teams to help host countries in R and D work. Ultimately about \$95 million should be appropriated yearly for this unit; to begin with, \$51 million was suggested.

The Program Development Group picked up the lead of the panel of the President's Science Advisory Committee. Milliken took the lead, although he had opposition to development research from Kaplan and, outside, from John Bell who feared it would be a means of expanding technical assistance. On April 12th the Group issued a report on "Development Assistance R and D Program for FY 1962." It quoted from the panel's first draft report, and went on to call for an R and D program in "a central unit in agency headquarters, independent of the operating, planning, or management units, but serving them as well as the office of the director." For 1962, it was suggested that expenditures for R and D be around \$51 million. A separate fund category for research and development in the new aid agency authorization bill was approved by the PDSG on April 16th; it was an addition to the categories approved by the group ten days before. However, Gant objected to the organizational references in the report, and indicated clearly he would not be guided by them and that the Coffin group should not include them in its reports.

Gant took more interest in the paper being prepared by Professor Everett Hagen of the Coffin group on "Assistance to Development Planning in Underdeveloped Nations." He liked Hagen's ideas in several respects. First, Hagen emphasized the differences, country to country, in local development planning potential. Second, he underlined the necessity of the host country determining its own needs -- a key Gant position. Thirdly, he saw most of the advisory function being performed by one or more private organizations, attached to a

university, a group of universities, or the World Bank or similar organization. No substantial staff in the new aid agency was projected, although an expenditure of \$18 million was suggested for the first year. Hagen discussed the organizational implications of his program with Gant and his staff on several occasions and consulted those in foreign aid government research, such as John Oily of ICA.

Stephen White was also at work developing a paper that would express his own thoughts and on April 27th he finished a revised version of it, "Research and Application, Development Assistance Program FY 1962." It called for \$20 million. He passed it on to his friend and colleague Max Millikan and it formed part of the basis of a meeting between Gant and the Millikan group on the same day, April 27th. Millikan had been pressing for a separate office for research and/or development assistance for some time. He and Gant had discussed it, but they could not come to agreement over the issue. Millikan was reinforced in his desire by the several individual and group reports endorsing the idea. A number of his team of consultants pushed it vigorously including Hagen and Samuel Hayes of Michigan. A separate unit would signify the importance attached to the new activity. Furthermore, a research office by its very nature should be assured of a large measure of freedom and independence and placed at a high level within the organization. As a new departure in aid agency work, research should be organizationally visible, and the unit should be allowed the maximum flexibility in its experimental operations.

Despite the many papers, through most of April Gant did not form a specific position on the organizational implications of the two areas. Neither in the Gant-Barrett-Price working assumptions of April 14th and 15th (distributed April 20th) nor in Gant's "Organization and Administration, Some Tentative Conclusions" of April 25th which was presented that day at an informal TFSG meeting was there any mention of research or planning assistance. Gant was confronted by the demands of the advocates of many different functions

for separate and quasi-independent status. If he were to grant all of the requests, the number of units reporting to the aid agency administrator or his deputy would be greatly excessive. Furthermore, research and assistance in development planning could not both be accorded separate status, and they seemed to be connected with some of the activities that the technical services of ICA had been or should be doing -- research and assistance in institutional development.

The Toner working party reports were presented to Gant on Friday the 28th. One paper called for a central research and planning unit in the new aid agency, with its director reporting to the aid administrator. Research would be carried out directly as well as through contracts and grants and would be tested and applied in the field. Planning was to include evaluation of existing programs and long-range projection of goals. A shorter paper on the provision of assistance to host countries in development planning urged the importance of the function, but carried no recommendation for any special organizational arrangement. It suggested that the Public Administration Division of ICA (one of the technical services) or its successor would probably be the best unit to take on this added responsibility. Biren's working party report, also made on the 28th, carried a recommendation for a research and development office, reporting to the deputy administrator.

The resolution of Gant's problem came during the several day period from Sunday, April 30th, to Wednesday, May 3rd, when he, Barrett, and Howard Ball pounded out the shape of the new organization. Of the three, Ball was especially interested in research and a research office. The combination of development research, assistance in development planning, and some of the remnants of the technical services into an Office of Development Research and Assistance (ODRA) was a distinctly Gant contribution, however. It was he who originated the idea and it was he who expanded upon ODRA's structure and role.

The following Friday, May 5th, the informal Task Force Steering Group, minus Millikan, reviewed the Gant organizational proposals and approved.

Millikan had not been invited to the meeting by Sternfeld, and this prevented any possible difficulty over the research suggestions. From that point on the issue was settled, and no one was able to raise an effective protest against the Gant idea -- not until Gant had left Washington the end of June, at least.

The description of the development research function in the presentation volume and the declaration and purpose of development research in the authorizing legislation were assigned to the Coffin group, and this assignment was renewed on May 1st. As the drafts for the presentation volume were being reviewed in mid-May, Gant was critical of the Program Development Group's section on development research. On the 16th Gant wrote to Coffin requesting that he eliminate from that section organizational references in regard to development research. This was done. In its ultimate form, the authorizing bill called for a development research program of \$20 million.

The Technical Services. By 1961, there were seven technical service offices in ICA, the offices of educational services, food and agriculture, industrial resources, labor affairs, public health, public services (public administration, community development, housing, and safety), and transportation. The functions of the several offices varied greatly quite beyond the differences among the various professional fields. True, technical assistance activities were common to all, and each technical service reviewed proposed country projects in its field and helped recruit specialists to go abroad to operate those that were approved. Each also worked with contractors who undertook technical assistance work in its fields. However, some of the technical services had important roles to play in capital projects abroad, especially the industries unit. Some participated in grant programs. Food and Agriculture had contact with P.L. 480 activities. Nevertheless, the technical services were commonly equated with technical assistance. They had large staffs for technical assistance both at home and abroad, although expenditures for this activity were a very small fraction of total ICA aid.

When the Task Force was organized, the latest chart showed a single set of resource units plus a single set of regional offices (see Chart 12). Technical assistance and the technical services had the most to gain or lose in the functional versus geographical office debate. They had the largest staffs and the greatest degree of specialization. In many ways, a decision on regional offices would intimately affect technical assistance.

The men who were selected for leadership in the Task Force were from varying schools of thought in regard to functional and geographic organization, but there were no real defenders of technical assistance among them. Labrousse had indicated a preference to Gant for a strong geographically-oriented type of organization. John O. Bell and George Gant were highly critical of the way in which technical assistance had been operating. Their positions were based on three propositions. First, strong technical assistance units meant a muddying of the clear lines of authority from the administrator of the aid agency through the regional offices to the field missions. Second, much of technical assistance was based upon the idea that the underdeveloped countries did not know what was best for themselves. Technical service representatives were sent abroad where they frequently generated their own projects, the host country often giving its approval without really being enthusiastic. Each technical service wanted to have its own programs in each country. Throughout the work of the Task Force, Bell and Gant saw eye to eye on this matter. Once in a while when some of the papers of Millikan's group of consultants seemed to indicate that Americans knew better than host country nationals what was good for the latter, Gant and Bell jumped on the issue and made it clear that the basis of American aid in their view should be that the countries themselves would have to decide what was best for themselves, before aid was extended. Americans should not play king. Third, aid should be extended on a country program basis, not on the basis of individual project requests. Technical assistance had been granted in separate little pieces, and this should stop. No single activity such as an anti-malaria campaign should

constitute a program by itself. Program had to mean a comprehensive country program.

The defenders of technical assistance were busy running ICA, had been given assignments outside the organization and administration area of the Task Force, had been brushed aside, or were placed in subordinate positions. Fitzgerald, Grant, Chly, Grady and James Cooley, Special Assistant to the ICA Director -- all defended the technical service approach of ICA, but none were in a position to influence the Task Force decisions. The directors of the several technical services stayed at their posts, and played no important role in Task Force work. They were seldom consulted by Gant or his staff.

The defenders of technical assistance pointed to the know-how and technological superiority of the United States and the necessity of sharing it with the world. This was the original Point Four idea of President Truman. Second, those in many of the less developed countries of the world could not possibly know what they really needed and wanted until their educational and technical levels were greatly advanced; some playing of king was necessary. The experience of Bell and Gant in Pakistan was not typical, it was observed, since Pakistan had a broader elite with a much higher level of educational achievement than most underdeveloped countries. To the extent that countries were ready for unified country plans, technical assistance could be fitted into the plans without difficulty -- indeed had already been fitted in, in such countries as India. Third, those who attacked technical assistance overlooked the fact that professional work in the United States was highly segmented, and that in order to obtain the cooperation of needed personnel in each field, the aid agency needed an appropriate technical service office for each specialization. With such an office, recruiting of qualified personnel would be facilitated, more knowledge would be funneled into the aid agency's plans and operations, professional interest in development could be strengthened, and an important source of support for the program in Congress and elsewhere would be forthcoming.

From the beginning, Gant was convinced that strong regional offices and field missions, together with unified country programs and national plans were the bases upon which the new structure should be built, stemming from the President's Message. The major central question/relative to the technical services, therefore, was what could be done with them that would be the most consistent with these objectives. The Gant-Barratt-Price sessions on April 14th and 15th did not come up with any answers, but once again the geographic-country plan assumptions were reaffirmed. By the next week, Gant made it clear that the assignment of his working parties, including Toner's, was to come up with the best answers they could, given these assumptions.

The directors of the several technical services offices were becoming more and more alarmed at the direction of the Gant group. They had heard of the geographical emphasis, and wondered what this meant for them. In Fitzgerald's ICA staff meetings, the problems discussed were a long way from those being examined by the Organization and Administration Group. Fitzgerald had told them that if they had any suggestions concerning Task Force work either as to personnel who might work on certain assignments or topics that could be reviewed, they could forward them to Cooley, John Ball, or others for transmittal to the appropriate person. However, Fitzgerald himself did not have close contact with Task Force work, so the directors were more or less on the outside. Except for a staff member or two of one of the sub-working parties who contacted them a few times, the technical service directors had neither written nor personal communication with the Organization and Administration Group, and they did not even know most of the persons attached to Gant's unit. From Gant's standpoint, this situation was a necessary evil. Of necessity, Gant devoted himself to what he considered the most sensitive and urgent problems of external relations and TFSG issues. There simply was not enough time during the day -- or night -- to do more. Toner, he was sure, would provide him with enough ideas on the technical service side. In addition, he had the Blue Book for reference, if he desired to check on ICA

thinking, and his staff at least included a number of ICA management and regional people.

The Coffin group got into the question of the technical services through a study of education and human resources. Since according to an early TFSG decision education and human resources was to be one of the categories of authorization in the new aid bill, the Program Development Group felt it was important to enquire into the dimensions of such a program and the program's exact functions. James Grant was asked to prepare the group's report on this topic. Having produced a preliminary draft of his paper, Grant called a meeting of some of the technical services personnel, together with Joseph Slater, Deputy Assistant Secretary of Educational and Cultural Affairs in State, on Tuesday, April 18th. There was general agreement as to the direction of the paper, but several suggestions were made. Ralph Ruffner, Director of the Office of Educational Services of ICA, objected to relegating technical assistance in education and human resources to a precondition for or pre-take-off stage of economic development -- a favorite position of some economists, stemming from an interpretation of Hooton's book. He also felt that the education activities of the Peace Corps would have to be integrated with technical assistance of the new aid agency.

After discussion of the paper, the question was raised as to the role of the technical services in the new aid agency. The directors expressed their fears. Grant offered to find out what the current thinking of Grant's group was if they wanted to wait while he went to the Task Force offices. For some time, Grant had been very unhappy with the education and human resources label which stemmed from the President's Message (see Chart 12). To him, neither education nor human resources was descriptive of the function that should be performed by the resource unit he had in mind. While he had not yet completely spelled out his thinking, he thought of the function of the office as enlarging the sources of ideas and personnel for research and planning in the different fields of development. Grant called back to the meeting room and reported

that the education and human resources label was out, but that what would replace it was uncertain. This further increased the anxiety of the technical services directors.

Within Gant's Organization and Administration Group, there were several who were sympathetic to the technical services, especially Toner and some of the ICA personnel that had been detailed for one or another activity. Toner himself was favorable to maintaining the integrity of the functional offices and this included the technical services as well as the development loan unit. He assigned John Corcoran of Public Administration Service to the task of coming up with an analysis of the technical services. With the assumption of four strong regions given to him, Corcoran proceeded to interview the directors of the several technical service offices and others, consult documents, and reflect about the problem. Occasionally, he and Toner met with Gant or Barrett to discuss and debate certain points -- Toner met with Gant two or three times the week the report was due. Neither Gant nor Toner or Corcoran changed their views, however.

Gant's memorandum for the meeting of the Informal TFSG on April 25th in which he set forth some of his tentative conclusions did not spell out the new unit that was to replace education and human resources on the organization chart. It referred only to "a unit to provide expertise and research in connection with problems of institutional growth." The term institutional development had been used many times in referring to the function of this office, even before the Administration came to power. The discussion at the meeting was not devoted to technical assistance.

The Toner-Corcoran report came in on Friday, April 28th. Assuming strong regional offices, it suggested that each regional director have on his immediate staff as a technical adviser one or two persons competent in education, agriculture, health, and public administration. The main body of professional expertise in each of the technical services areas would be in an office of technical resources with centralized divisions covering health

and hospitals, education, public administration, transportation and communication, and natural resources. These divisions would provide advice to the regional directors, both on request and on their own initiative, recruit technical personnel in their respective areas, conduct training and professional conferences for American personnel, assist participant training, and encourage the contribution of each professional field in the foreign aid program. A participant training division would handle foreign visitors and the award of fellowships and have concentrated in it all the participant training activities formerly carried on by RCA both through the several technical services offices and through a separate Office of Participant Training. Corcoran addressed himself to some points that he felt were especially appropriate, given Gent's position. Field personnel would need professional backstopping, and unified technical services units were thus desirable. While in the future more of the technical assistance function could be carried out through contracts, there still would be need for some direct hire activity. Finally:

The arrangement of organizational boxes is of less significance than the allocation of authority for the use of program and administrative funds and personnel and the ability to police and control the flow of documents. It is recommended and assumed that this authority and control will be lodged in the regional directors.

Gent received one other working party report that touched upon the technical services, namely, Eiren's paper in which he tries to outline his conception of the entire new organization. Taking Gent's assumption of strong regional offices and his lack of sympathy for the technical services, Eiren proposed parceling out all of the technical services into the four regional offices. No technical assistance resource unit was provided. This arrangement provided clear lines of authority.

It was primarily during the ensuing five days that the concept, functions, and title of the new office was worked out. Gent, Barrett, and Howard Barr worked day and night trying to lay out the form of the organization. They began by discussing the functional or resource units, and Gent took the lead in trying to spell out for the other two men what he conceived the role of a

new Office of Development Research and Assistance (ODRA) should be. Cant did not like Biron's idea because it meant that research and development would be left a separate office, unencumbered with any of the specific problems of the technical services fields, and there would be no place for some of the specialized personnel to contribute to the strengthening and building of the nation's manpower and fund of knowledge in the development field. He did not like Coreoran's suggestion in part because he felt that the functions of development research and assistance in development planning should be an integral part of the office. Furthermore, he felt that the unique role of technical specialization in this unit was intimately related to research and development planning. Rather than having large staffs in each of the technical services, ODRA should have only small, highly qualified staffs representative of the several development fields. Much of the research and other activity of the office should be undertaken through contracts. Consequently, only a core group was needed in ODRA; it would have no line authority and no informal vote over proposed programs. The regional offices should have the necessary technical experts for advice to facilitate line decisions and authority.

Specifically ODRA would:

- identify the major barriers to development
- evaluate the techniques of institutional development and the development process
- formulate research requirements and arrange for the conduct of research
- suggest ways of incorporating research findings into national plans and country programs
- provide leadership and overall guidance to the regional bureaus with respect to the most effective methods of program planning and technical assistance.
- lend specialized professional staff to the regional bureaus when needed.

It was a difficult concept to get across, and much time was spent on it. The Barrett-Howard Bali preliminary draft of the ODRA insert for the presentation volume had to be completely rewritten on the 3rd, but the first processed draft, produced the same day, outlined the several ODRA responsibilities, and the second revision of the 4th again found much of the ODRA section redrafted, although with minor substantive changes.

On Thursday, May 4th, Gant met with members of the working parties in his group and the new organization was explained. ODRA was the object of much interest. Its functions were elaborated and its component parts -- research, assistance to development planning, and the remnants of the technical services -- identified. Some questions were raised for clarification of certain points. The concept of ODRA was too unacceptable for some of the working party members, and a few voices were raised in criticism. Robert Biren spoke out against ODRA, feeling that it lacked central unity and was just a collection of items that did not belong together. Gant's reply was to remind the group that the session was not for debating but rather for reporting. "It's been decided," he said, referring to ODRA, suggesting that the discussion move on to another point. "Why are we here?" Biren interjected. "I might as well leave."

The following afternoon, the informal TFSG met to examine the general organizational proposals and some specific problems arising from the Gant group. There was no one present who was especially concerned about the technical services. The session was primarily devoted to other organization and administration problems. The general TFSG meeting of Tuesday morning, May 9th, was specifically billed as a reporting, not a discussing, session, and no opportunity was thus given to any of those present to register a protest, unless they wished to do so by a special request to Ieboulisae before or after the meeting. The directors of the technical services had no opportunity to review the proposals, although some of the ICA officials such as Fitzgerald and Grady, attended the general meeting on the 9th.

The lack of discussion on the 4th and 9th did not mean that criticism did not come, and quickly. The Gant organization proposal provided for food and money but not for human beings, it was asserted. Agriculture and Finance had their offices, but not education (in the broad sense of the term). Development of the land and of business would be adequate, but not development of institutions. From where would come strong professional leadership? The

remnants of the technical services offices were buried in one of the divisions of ODRA, making them mere branches. They would not carry prestige at home or abroad, within or without AID. ODRA was a dumping ground, said some. Whatever was left over after the regional bureaus and personnel office were given their cuts was lumped together under it. Others contended that ODRA had no distinctive function, and hence no reason for existence. The technical services were outraged at being split up. There would be no central offices to backstop efforts in the various specialized areas, and no offices to give professional leadership to employees within AID or to maintain regular contact with the members of the respective professions in the United States.

Both Fitzgerald and Grady lodged their objections with Labouisse, but the former followed a more passive course of action. He felt that the information base of Gant's group had been inadequate to form a sound judgment. If the technical services were liquidated, who was to speak out for them? The importance of developing policies in the functional areas in addition to over-all country planning had escaped Gant, he felt. The split-up of the technical services had been predicated on two unrealistic premises, namely, that long-range national planning was or could be brought into operation in all the underdeveloped countries and that AID could be constructed on neat, clear lines of authority -- as if AID could be operated like a small private business, with simple logic and consistency. Long-range planning was lacking and would be lacking for some time in most places abroad, in any comprehensive, meaningful way. Projects, including technical assistance projects, would remain essential. Having been associated with the foreign aid program for many years, Fitzgerald had encountered the many cross-currents and pressures that made complete rationality of organization structure and procedure an impossibility. This was true both at home and abroad. It was impossible to require a host country do everything it could conceivably do to help itself, given the world political pressures. At home, Congress and various interest groups intervened in program affairs. It was factors such as these that

explained why national plans and country programs were as limited as they were in ICA, not internal opposition to them. However, Fitzgerald felt that if some of the old hands remained in important positions, they and the core of the professional staff could temper most of the recommendations so as to bring them into conformity with the realities AID would face.

Grady was more active in pushing his objections, and talked with Labouisse several times. So did James Cooley, who was sympathetic to the technical services. However, there just was not enough time to attack the ODRA concept before the presentation volume went to Congress -- from the May 9th meeting there were a mere ten days before the material was due for publication, and only two and a half weeks until presentation. While remaining opposed, after a few days Grady confined himself to supplementary criticism, points that could be raised without destroying the organization chart that was to be presented to Congress (see Chart 14).

The difficulty of Grady, Cooley, and others of similar mind was more than lack of time. There was no way in which their objections to the split-up of the technical services could be effective. They could contact both Gant and Labouisse, but the decision had already been made. Gant was unlikely to change his mind in any event, and Labouisse, while not especially liking the label of Office of Development Research and Assistance, was not prepared to take precipit action on a matter that could be straightened out later. He favored the geographical emphasis, anyway, and felt the position of the technical services in Gant's proposal was good, although perhaps there was a need for the points of decision to be clearer, of responsibility and authority to be more definitely fixed within ODRA.

Gant had some strong support for his position. Labouisse, John Bell, David Bell, Kenneth Hansen, Ralph Dungan and others did not want the technical services running the heart of the foreign aid program or having an informal veto over actions. Furthermore, this group felt that the technical services by default had not been doing what they should, and they had been doing what

they should not. They had not served as the strong professional arms of ICA; the ties of most of the technical services with their respective professional fields were weak. Instead, they had concentrated on their own bureaucratic authority, building up their empires abroad and at home, intent on project-by-project procedures and on a veto over decisions. All of these men wanted to avoid a situation where the technical services could ever run things. Unless the technical services were well buried and split up, they could easily rise again.

As Gant reviewed his proposals during the last 10 days prior to signing off on the presentation volume manuscript, he felt confirmed in his view that ODRA was a constructive suggestion. While the defenders of both a separate research office and unified technical services were criticizing the proposal, he felt their criticisms failed to take into account some of his basic reasoning. He wanted a clear line of authority. He wanted operating types put into the line operation and not attached to a resource unit. He wanted to build professional leadership in the several fields for the foreign aid program, both at home and abroad. He wanted to build a research base for the program, but he did not want it separated from research on institution-building, the more practical problems of education, agriculture, or public administration, or the running of a foreign aid agency. He wanted a unit that would concern itself with long-range objectives but would not interfere in the agency's yearly or country programs. And he wanted a pool of professional talent with specialized abilities that the regional bureaus or country missions could call on for ad hoc help from time to time, if necessary.

The criticisms had been sharp, despite his many influential supporters. The label Office of Development Research and Assistance had in part been a concession to those who wanted research visible at a high level, and in part been an attempt to move away from labels that would seem to give the technical services a new home or that would be otherwise unacceptable such as education or human resources. He did not change the ODRA name, but he moved to take

account of the defenders of the human resources idea by changing the text of the presentation volume. Instead of the original language which said that ODRA would provide the regional bureaus with guidance in program planning and technical assistance, the text was changed to read that ODRA was to provide such guidance "in matters relating to the development and utilization of human resources." In an attempt further to underline the professional role of ODRA which the ICA technical services had in his opinion failed to fulfill, and to take account of the criticism that universities and professional associations would have no point of natural contact with AID, given the disappearance of the technical services, he added a further sentence: ODRA was to "maintain liaison with the academic and scientific community." With these minor changes, the ODRA paragraphs of the presentation volume went to the printer, largely as they had emerged on May 4th. One of Gant's unique contributions had been made.

Development Financing. One of the most common aspects of the suggestions for an integrated agency before and after the Administration came to power was that ICA and the Development Loan Fund must be combined. Disagreement did occur on the question of how the marriage was to take place, but the wedding date was to be soon. The President reaffirmed this in his March 22nd Message on Foreign Aid. As the Task Force organized, one of the problems that all three working groups faced was to determine how the loan function should be incorporated into the aid agency -- in law, in program, in organization. Even before George Gant joined the Task Force Steering Group, it had taken action on development financing at both its April 6th and April 8th meetings. By TFSG action, George Gant was assigned responsibility for coming up with proposals relative to the National Advisory Council on International Monetary and Financial Problems (the NAC), an interdepartmental committee chaired by Treasury, that up to that time had both set down guidelines for policy concerning loans and credits abroad by the various

United States Government agencies and reviewed the transactions of the agencies to see if they conformed to the guidelines. The question was whether the NAC would have power over the development loans extended by the new aid agency. Millikan's group of consultants proposed five studies on development lending, mostly concerned with programming, but with definite organizational overtones. The Legislation and Congressional Presentation Group, in its April 7th "Questions Bearing on Economic Aid Legislation" put two enquiries related to organization for the administration of loans: Would the making of development loans be embodied in a government corporation, and would consultation with the NAC be required?

The TFSG provided tentative answers: negative to the first question and positive to the second. Copies were sent to the DLF, ICA, Treasury, and to Budget.

Finally, Labouisse announced that he was going to try to establish a financial-banking advisory group, headed by Eugene Black, the President of the International Bank for Reconstruction and Development (the World Bank), with whom he was formerly associated.

When George Gant came to Washington to begin his assignment full time on Monday, the 10th, he was faced with the fact that a number of commitments, some firm and some tentative, as well as a number of recommendations, had been made in regard to organization for loans. Furthermore, nearly all his major associates in the Task Force had extensive experience with loan activities or academic interest in them. As to the commitments, the dollar development loan activities of the Export-Import Bank (EXIM) were to remain with EXIM although the Secretary of State was to coordinate that program with the aid agency (President's Message) and the Development Loan Fund was to be a part of a consolidated aid agency as were the local currency lending activities of the EXIM Bank (President's Message). Within the aid agency, an office called the Fund for Economic Growth had been proposed, paralleling the proposed appropriation category for development loans, to administer the

program (organization chart given to Gant from the March discussions -- Chart 12), and the Fund for Economic Growth was to contain a corporation with a board of directors made up of <sup>certain</sup> major officials of the agency (Chart 12), an item that Gant had immediately viewed unfavorably when John O. Bell had showed him the chart during his first visit to Washington. In addition, there were the actions of the Task Force of the previous week.

The personnel with whom Gant associated had in one way or another been closely involved in foreign loan problems. Labouisse came from the World Bank. Coffin was Managing Director of the DLF. Millikan, as an economist, had pushed vigorously for a larger and quasi-independent loan function, as had Coffin and the DLF, and Millikan's former colleague in the White House, Rostow. John O. Bell had had a major role in framing the proposals that had formed the background of the President's Message, including the latest proposed organization chart. It was a "stacked deck" on loans, at least on the surface. All these men and the organizations or agencies they represented favored a great increase in loan activity. Organizationally, two issues had been the desirability of the corporate form with a board of directors and review by the NAC. Another major issue had been whether a separate development loan office should be set up or whether a combined loan and grants unit would be preferable. There had been almost no consideration of two other possibilities -- first, loans and grants combined with some technical assistance in their use, under one office, and, second, a small loan and grant unit with most of the major decisions made in the regional offices.

Before Gant had an opportunity to get on his feet, the TFSG had placed upon the agenda for Tuesday, the 11th, discussion of the incorporation of the loan operation. The legislative drafting working party had prepared a paper on the topic that was distributed in advance and served to provide the necessary background. The DLF had been incorporated in 1958 in response to

strong Congressional preference for this type of organization, rather than being merely a part of ICA as it had been the previous year. "The primary argument for incorporation turns on its psychological appeal to both Congress and the public," the working party reported. The corporate form would give the appearance of sound business management engaging in long-term operations, with separate funds and organization. Furthermore, a corporation would tend to have operational flexibility that a regular government agency would not have. On the other hand, the working party pointed out that it felt that proposing a corporate form would have little effect on Congressional support this session even though Congress would be sympathetic to it, given the President's decision to seek borrowing authority from the Treasury for the development loan program. The latter explosive issue would have to be fought out on its own terms. Incorporation would also be contrary to the spirit of the President's Message, given his call for an integrated agency, and would substantially reduce the "new look" effect that the Administration hoped to create. The effective conduct of loan activities could be secured without incorporation, and administrative flexibility would be greater; Congress often wrote into legislation organizational details on corporations. While no conclusion was included in the paper, there was no doubt where the legislative drafting working party stood.

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The TFSG discussion/topic on the 11th was long and the differences in points of view were evident. Gant presented as strong a case as he could for no incorporation. It would interfere with clean lines of authority, with a geographical emphasis, and with aid agency integration. Furthermore, to have a separate staff associated with the loan function was undesirable. Just because the authorization and appropriation categories included an item on loans was not a sufficient reason to construct a separate organizational unit to administer it. Appropriation categories were not the one and only basis for effective organization.

Labouisse expressed views that were far broader than those of a narrow banking approach. He felt that there should be no separate fund office or corporation just for long-term loans. Long term loans melded imperceptively into short-term loan and grants, and an approach with all the various financial tools or devices was required. The banking or loan part of the aid agency should be integrated with other financial tools, he felt, so that a money organization or unit, not just a loan organization, would be provided.

Gant watched closely to see whether Frank Coffin would feel that the DLF should be retained intact and transferred as a complete package into the new aid agency. As the discussion developed, it was apparent that Coffin's ideas were quite flexible, and that the idea of a multi-purpose development financing office appealed to him. Such an office would have even a greater scope of activity than the DLF at present, because it would have more tools at its command. Coffin had been associated with the DLF for a relatively short time, only since January 25th, and much of his effort had been spent on foreign aid reorganization proposals rather than running the DLF. He had not had time to become narrowly defensive about the agency or its functions. Furthermore, with reorganization in the wind and with his appointment as Chairman of the Program Development Group, his perspective had become more agency-wide. He was not especially interested in heading the development financing unit in the new aid agency -- some broader-gauge position appealed to him. As his associates watched him over the first few weeks of Task Force activity, they came to respect his breadth of view and his ability to rise above parochial considerations.

John O. Bell also viewed the combination of several financial tools in one unit favorably; in any event, there was no doubt in his mind that the Growth for Freedom paper that preceded the President's Message and the organization chart that flowed from it had been full of compromises because

of the pressure of many persons and agencies. Now was the time to strike out on a fresh approach, consistent with the President's Message, to be sure, but not necessarily following every aspect of the discussions that led to it.

The TFSG took two actions in regard to loans on the 11th. It decided that there would be no separate corporation and that there would be no separate staff associated with the lending function. However, one other question was raised in passing. Should there be a loan committee to pass on proposals, quite aside from a corporate form of organization? It was apparent that a lack of consensus on this point existed, but it was put off until later, after Gant's organization proposals took more concrete shape.

Gant became better acquainted with the DLF, its functions, and its points of view during his briefing at its offices on the next day, the 12th. The following weekend, Gant, Barrett, and Price formulated some of the working hypotheses for the Organization and Administration Group. There was nothing new suggested in the financial area, although the plans for integration were mentioned and the decision of the TFSG on the 11th. However, a geographical emphasis was clearly set forth, and this was to have a great significance for the development financing unit.

Meanwhile the Toner working party had begun its work. Toner, Secretary-Treasurer of the DLF, took personal interest in the papers in the financial area, and did much of the research and writing himself, working closely with some of his DLF colleagues, particularly in having them criticize some of his tentative conclusions. He also had recruited his former DLF associate, Hutchinson, to do an important part of the work. The first result of Toner's work was a ten-page paper on April 19th entitled "Ingredients Essential to a Lending Function" which he had the Assistant Secretary-Treasurer of the DLF prepare for Task Force use. While direct organizational recommendations were avoided, it argued for a powerful lending office by outlining all the

kinds of personnel needed for the lending function. Gant was thus not dependent upon the TFSG or Frank Coffin for ideas from the DLF; they were forthcoming from one of his own working parties.

On Thursday, the 20th, the Legislation and Congressional Presentation Group again pressed the TFSG for a decision on the NAC -- whether the new agency was to be excepted from the Bretton Woods Agreements Act of 1945, which had established the NAC, or whether no legislative provision was necessary, in which case the new aid agency would automatically come under its review, as the legislative drafting party had tentatively assumed up to that time. Gant was not prepared to push for a solution to the matter at this time, and he suggested that resolution of the NAC question involved relations of the aid agency with the Department of State as well as NAC and Treasury. Decision was put off pending completion of Gant's discussions.

One of the items that Gant labelled as requiring "immediate action for legislation" the week of April 24th was the NAC. By statutory specification, the Secretary of State, represented in practice by the Under Secretary for Economic Affairs, was one of five members of the NAC. The Secretary of the Treasury was chairman, and the heads of Commerce, the Federal Reserve System, and EXIM were the other members. The statute thus excluded both the DLF and ICA, but they had been invited to attend some of the meetings, and were very active in the sub-committee structure and in securing favorable statements of policies and review of their lending activities. Should the new aid agency not be a part of State, it could be argued that it should be exempt from the NAC or, alternatively, that its administrator should be added to the statutory members. Should it remain within State, it could be argued that State through one mechanism or another would provide adequate supervision of its lending activities so as to make detailed review of its lending proposals by the NAC undesirable. In any event, the lending activities of the new aid agency would have to be related to the foreign economic policies of the government, and the latter area was controlled by State.

However, rather than engage in such peripheral embroidery, Gant favored outright abolition of the NAC, the transference to the Secretary of State with advice from the Secretary of the Treasury of its functions relative to the international or multilateral American policy with respect to lending agencies, and the freeing of the new aid agency from the encumbrance of an outside agency setting standards, reviewing, and controlling its lending function. He wrote a summary paragraph on his approach, and it was part of the series of proposals he laid before the informal TFSG on April 25th. It said:

The NAC should be abolished and its functions relating to the IBRD and its subsidiaries, the Inter-American Development Bank, and Overseas Development Lending Activities should be performed by the Secretary of State, with the advice of the Secretary of the Treasury; the balance of the functions relating to monetary stabilization should be performed by the Secretary of the Treasury with the advice of the Secretary of State. The Secretary of State should receive advice about representation and instructions to such development institutions from the assistance agency.

The proposal received a cool reception. It was suggested that Gant check them out further with the interested parties. Reflecting this discussion, none of the drafts of the authorizing legislation mentioned the NAC.

Much of Gant's time Tuesday and Wednesday, April 25th and 26th, was devoted to seeing persons whose views were informed and who would be influential in any ultimate solution. He discussed DLF experience and preferences with Toner and Hutchinson and also Arthur McGlaufflin, DLF Assistant Director for Operations, in a separate session. He went to see Secretary of the Treasury Dillon. Dillon was somewhat protective of the NAC. The Secretary explained that he was not opposed to the new aid agency being exempted from NAC review or to the outright abolishment of NAC, but he did think that retaining the NAC review would probably be useful politically; it would help toward Congressional acceptance of the proposal for borrowing authority from the Treasury for development loans. In the eyes of Congress, the NAC was an additional watchdog committee. If the Administration proposed to borrow

money from the Treasury for development loans, thus minimizing required Congressional review and action over them, Congress would surely be interested in assurances of proper use of the borrowed money. The NAC was one such assurance. Gant also saw the Director of the EXIM Bank, Harold F. Linder, Assistant Secretary of State for Economic Affairs, Edwin M. Martin, and a representative of the World Bank. The session with Linder highlighted the problem of coordination between the new aid agency and EXIM and construction of common policies if the NAC were abolished. Gant tended to favor coordinating and policy power in the hands of the new aid administrator, on delegation from the Secretary of State. The Bureau of the Budget had also suggested that informal discussions between EXIM and the aid agency and aid agency representatives attending EXIM Board meetings might facilitate coordination. On the other hand, discussion with Martin and others left Gant with the feeling that the Administration had not yet thoroughly thought through the relations of Bowles, George Ball, and Martin to the new aid agency, including at what point guidance on foreign economic policy should be given to the agency.

It was clear to Gant that the borrowing authority from the Treasury and its probable acceptability or lack of acceptability in Congress was influencing the reactions of both Task Force and non-Task Force personnel on the question of the NAC. The White House, Budget, Treasury, State, and most of the informal group of the Task Force wanted to be certain that there were adequate safeguards placed upon the lending of this money so that Congress would be reassured. Dungan, David E. Bell, Hansen and Dillon were in agreement. Labouisse, John O. Bell, Tannenwald, and Coffin concurred. However, Gant was caught in a double controversy. The White House and BOB wanted the NAC retained for political reasons. In addition the TFSG wanted to set up a development loan committee that would specifically set policies for the new aid agency loans. On the committee for the agency, Gant was involved

with direct experience in loan operations. With their backgrounds of having been with the World Bank and the DLF, both Labouliase and Coffin felt that it would be good practice to have a committee. Its functions would be specifically tailored to the needs of the aid agency. Gant's reactions were predictable. Why, asked Gant, were both committees necessary? Certainly one should be enough. Gant's opposition to the committees stemmed from his feelings that effective line operations would be thereby hampered. The Administrator should be a person of such ability that he could be trusted to carry out agency functions, along with his highly qualified deputies and assistants. Liaison and advice were just as easily arranged through other mechanisms than committees, and they did not pose the threat to responsible action that committees did.

Little by little, Gant was losing the argument. He could not get a meeting of minds either in favor of no committees or just the NAC alone. As he discussed the matter with Barrett and Howard Ball on Sunday, the 30th, they all came to the conclusion that an agency committee in some form would have to be provided, in order to satisfy the informal TFSG. They therefore decided to put into the proposal the weakest possible "in-house" committee, that is, a committee made up of AID representatives only. Barrett and Ball's first revised draft of the organization and administration section of the presentation volume contained the following language:

The Director of the Office of Development Financing will serve as Chairman of the Capital Finance Committee, on which the Controller, the Director of the Office of Development Research and Assistance and the Assistant Administrator (region) will participate as members. This Committee will review and recommend approval or disapproval of loans and grants to the Administrator. Loans and grants will be evaluated on the basis of their relationship to the program of the applicant country. Approval of capital projects will also take into account statutory criteria and the policies promulgated by the National Advisory Council on International Monetary and Financial Problems. The Administrator will sit as the Agency's representative on the NAC.

George Gant had informal conversations with TFSG personnel on the committee issue in an effort to seek an acceptable compromise for it; he felt that

perhaps the Program and Legislative Drafting Groups as well as the Bureau of the Budget might support a somewhat stronger in-house committee, thus making an interdepartmental body unnecessary. The discussions with Sayre and Price on May 3rd and 4th confirmed this reasoning. Both were of the persuasion that if a committee must be created, an in-house one would be far preferable, or, in other words, do less damage to the underlying philosophy or approach that they and Gant saw as the crucial part of the proposed new organization. A stronger "in-house" committee would help cut the group from under those supporting an "outhouse" committee, or a committee made up of representatives of several agencies. Therefore, given the pressures upon him and his assessment of the situation, he up-graded the committee, but still kept it in-house in character in the second revised draft of the organization and administration section of the presentation volume. The Administrator, himself, would be chairman of the committee; otherwise, the membership was not changed (see Chart 13). However, instead of only reviewing and recommending, the committee would both review and approve and disapprove, "under a pattern of delegations established by the Administrator." The NAC proposals remained unchanged from the first revision.

On Friday the 5th, the informal TFSG examined Gant's organization proposals, and a debate on the committee was one of the features of the session. Labouisse backed the outhouse committee system -- a system that the DLF had at that very moment and which was common to the World Bank and some other international lending groups, also. His reasons for doing so were partly that he thought it was proper -- a natural position for someone who had been in the development loan field -- and partly that an out-house committee would help gain support for borrowing from the Treasury for long-term development loans. Rather than cutting off the discussion and announcing his decision, Labouisse let the discussion continue. Tannenwald backed Labouisse on the grounds that it was the politically expedient thing to do, given the attitudes of Congress.

Sayre, who attended the meeting as did Barrett, spoke up for the in-house approach, and John O. Bell was sympathetic to that idea, also. Gant argued long and hard. Once again he brought up the NAC issue, and the inconsistency of having an out-house committee in addition. The reply was that to <sup>try to</sup> change the NAC through the aid legislation would endanger the borrowing authority request, and perhaps it could be reviewed at some time in the future. However Gant was allowed to eliminate any mention of the NAC beginning with the third revision of May 6th. The committee structure was another item placed upon the agenda for eventual White House decision, but in the meantime, the out-house concept had to be inserted in the draft legislation as well as the presentation volume.

The week of May 8th, Gant developed a brief memorandum for the informal TFSG and the White House on AID's concept and organization, and it included an outline of the new out-house committee. The fourth revision of the organization and administration section of the presentation volume on May 17th used identical language. Also prepared was a more specific memorandum for the President on the issue of the Development Loan Committee. It was these three documents that served as the basis of the discussion on the development loan committee at the White House meeting on the 17th which was called for the purpose of clearing up all remaining issues facing the Task Force. Once again varying points of view were put forth, but Dungan and others indicated that for reasons of political necessity -- the desire to maximize support in Congress for Treasury borrowing authority -- the out-house committee would have to be chosen. Gant's counter-argument concerning the NAC produced at least one result; the White House indicated that the status of AID and the NAC would be reviewed after the legislation passed Congress.

Gant put the finishing touches on the presentation draft, and as it finally was sent to Congress on the 26th, it provided:

The Administrator will also be Chairman of the Development Loan Committee. This Committee will have four additional members: the Chairman of the Export-Import Bank, the Assistant Secretary of State for Economic Affairs, an Assistant Secretary of the Treasury, and the Director of the Office of Development Financing. The Committee will establish under the direction of the President standards and criteria for the Agency's development loan operations in accordance with the foreign and financial policies of the United States.

No mention was made of the NAC. The final presentation volume language was similar to that which George Gant had constructed the week of May 8th except for two items -- the Assistant Secretary of State for Economic Affairs had been substituted for the Under Secretary for Economic Affairs, a decision, reflecting the changing conceptions of the positions of Rowles, Ball, and Martin and related as well to the general AID-State relationships that had also been one of the subjects of the May 17th meeting. In addition, Gant's call for the loan committee to make "recommendations for a sound pattern of delegation governing the lending authority" was eliminated. Such a clause might offend sensitive Congressional ears.

Similarly, the general provisions of the presentation volume outlining the role and function of the Office of Development Finance were a matter that many persons felt would also intimately affect the reception that the AID package would receive in Congress, quite apart from the loan committee decision. Consequently, Gant had to be guarded in his geographical approach when it came to outlining the details of development financing. One question for decision was how much authority was to be given to the regional assistant administrators concerning development loans and grants. Another was whether the functions of the Office of Development Financing would include more activities than just those narrowly connected with loans and grants. Gant had been successful in keeping the Program Development Group from getting into these questions, despite their several papers on development lending topics.

The Toner-Hutchinson reports, presented to Gant on April 27th and 28th

had tackled both these points. Essentially, the reports recommended a strong central Office of Capital Projects, with a large complement of financial and engineering experts. The regional offices would not have an adequate number of personnel with specialized skills to make all the judgments necessary in this area; there were not enough skilled persons available to split them up into four groups, one for each regional office. Furthermore, the need for uniform standards and criteria, and the desirability of having technical decisions made in an atmosphere removed from particular regional and host country pressures, led the authors to recommend a central Office of Capital Projects that would have large powers of review and approval or rejection of project proposals submitted by the regional offices, both from a financial and technical side; preparation of a plan for implementation of the project to assure compliance with conditions that would be essential to its successful completion; lending of technical assistance in carrying it out; and monitoring of loans once they were made. These proposals were accompanied by a detailed set of staffing requirements and functional statements of each sub-unit. To supplement the line of reasoning still further, Hutchinson, on Gant's request, had checked into practices of the World Bank, EXIM, the Inter-American Development Bank, DLF, and ICA as to the organization of engineering services. He reported:

In all these agencies the engineering services function is set up in organization units outside the geographic organization units. Internally, the function is organized on an engineering specialty basis.

Reasons for this type of organization are also uniform and are stated to be (1) the necessity for consistency of . . . engineering standards, and (2) the critical shortage of engineering specialists. . . .

Biren's report also touched upon what he called the Office of Capital Financing, but he saw the financial experts divided among the regional units, although the engineering services would be centralized.

On two points, Gant went along with the reports: guarantee of private investment abroad, and stimulating private investment would be handled out of the central Office of Development Financing on a service basis for the regional bureaus. On the disposition of specialized personnel, Gant accepted neither proposal. He was completely committed to a regional approach, and he, Parrett, and Ball provided for development financing and engineering experts in each of AID's regional bureaus from the very first presentation volume draft on May 2nd onward.

One concession was made to the special nature of development financing. To have four regional bureaus making grants and loans without review for conformance to standards seemed untenable, especially in view of Congressional concern over adequate standards for the financing function. Unlike the proposed activities for the Office of Development Research and Assistance, those that Gant, Barrett, and Ball laid down for the Office of Development included the power of review for conformance to standards from the very first draft. In the final version, the power of review was tied to the functions of the Development Loan Committee, and while it was a far cry from the kind of review Toner and Hutchison had in mind, it was also a far cry from the powers of ODRA:

It (the Office of Development Financing) will review capital assistance proposals prepared in the Regional Bureaus to assure conformance with standards and policies established by the Administrator and the Development Loan Committee.

Beginning with the fourth draft of the authorization bill on May 22nd, the legislative drafting working party included provision for a development loan committee. The Bureau of the Budget immediately sent it out to the interested agencies for further clearance. On May 24th the Department of Commerce replied, saying that it hereby wanted to submit a claim for membership on the Development Loan Committee. One of the hazards of an out-house committee was thereby revealed: Where can the line be drawn on representation on it? The bill submitted to Congress side-stepped this issue, as had the

fourth draft, by providing generally that:

The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations...in accordance with the foreign and financial policies of the United States.

The Regional Offices. The emphasis on a geographical rather than a functional basis of organization was a part of George Gant's thinking before he joined the Task Force, and one of the reasons he accepted the assignment was that both the President's Message on Foreign Aid and Labouisse's own tendencies pointed, or could be interpreted as pointing, in the same direction. By the end of the first full week of work (the week of April 10th), Gant felt that the geographical approach held the key to one of the main doors leading to foreign aid agency effectiveness. He began to stress the approach on frequent occasions.

There was nothing new in the controversy of functional versus geographic units. It was a frequent cause of division among those concerned with the foreign aid agency over the years. From the days of the Marshall Plan on, foreign aid had been organized first on one basis and then on another. However, since the days of Harold Stassen and the unification of several agencies under him, ICA and its predecessor agency had followed a formal policy of line responsibility in the regional offices with functional office advice. In practice, this meant concurrence by the functional offices also, since the regional offices did not normally find it desirable to take responsibility on their own when the functional units disagreed with them. Neither did they want to appeal many such disputes to the Deputy Director for Operations. Gant felt that it was stalemate between the two sets of offices and interminable consultation that led to slow action. No one seemed willing or able to take action short of the Deputy Director for Operations.

As Gant saw it, the problem was three-fold: how to get clear lines of

authority from the administrator of the agency through the regional offices to the field; how to get persons willing to take operational responsibility in the regional offices and the field missions; and how to prevent the functional offices from infringing upon line authority in day-to-day administrative relationships. Friday and Saturday, April 14th and 15th, Gant, Barrett, and Price sat down to lay out some guidelines for the working parties of Gant's group. All three men had come to favor a geographical approach long before the Task Force had ever been conceived, and such an approach was not much discussed but rather taken for granted. It was not surprising then that one of the main assumptions that the men laid down was the following:

The agency will be organized on a geographical basis with the line of command running from the administrator to the regional directors and from the regional directors to the field. Other units will be viewed essentially as staff units responsible for advising the administrator and the regional directors on their particular and functional specialties and for providing those technical and administrative services that can be appropriately performed on a centralized basis.

Among the questions they raised for working party consideration were what rank the regional directors should have, what functions the regional offices should have, and how much authority should be vested in regional offices relative to fund allocation, program review and approval, personnel and contracts.

The three men reported that they predicated these assumptions on their reading of the President's Message. It had been a strong message in regard to national planning by the host countries and country programming by the aid agency. The former idea, particularly, had been supported by many of the outsiders who came in with the new Administration or who served it as special consultants. David Bell and Kenneth Hansen in BOB, rather than the International Division; Labouisse, Millikan, and Gant rather than ICA; Rostow and others in the White House -- these were the men that pushed the national plan concept. Within State, John Bell and others had become more

and more oriented in this direction.

The reasoning of Gant, Barrett, and Price was simple and direct; with a basic national plan, operations based on country programming by the aid agency rather than operations based on series of projects were required. If country programs were to be forthcoming, the regional offices must have complete line authority and be immeasurably strengthened, along with the field missions. This conclusion was typically Gant, and had not been previously shared by all those who favored national plans as the starting point. Millikan, Coffin, and Rostow, for example, had strongly leaned to weak regional offices or a series of regional offices flowing from each functional unit, with the reasoning that the national plan of the host country would be the unifying factor. Country programs by a single agency were unnecessary. John Bell had wavered in his support of regional offices.

The controversy over functional versus geographical units that preceded the President's Message on March 22nd was primarily concerned with whether the functional units such as those for development lending, Food for Peace, the Peace Corps, and the technical services should have their own regional offices and field missions, or whether there should be a balance struck, with centralized functional offices complementing unified regional offices and missions. Among the defenders of the balanced approach there were two main points of view, some suggesting a concurrence or veto by both offices over action and some recommending that the geographical unit have clear line authority, but with advice from the functional offices. It was the latter proposed relationship that came to prevail by the time of the March 22nd Message through an uneasy and ill spelled-out compromise. There had been almost no discussion of the fourth main alternative -- splitting up functional staffs among the regional offices. Gant tended toward the third or fourth of these alternatives.

With John Bell, Coffin, Millikan, and Rostow in important posts in the

Task Force of the White House, the cards seemed to be stacked against the Gant line of reasoning stemming from national plans and country programs. However, in late February and March there had been a sharp turn toward more geographical emphases among those working on aid agency proposals, although it was unclear if this meant more than a reaffirmation of ICA practice in regard to functional and regional offices with more attention to national plans and country programs. Gant was unaware of the positions that these men had taken over the last three to six months, and his personality and method of operation was such that he firmly held to the course he had set for himself, excluding interference from the outside as much as possible. When and if it was necessary to compromise, Gant was willing to do so, but this did not prevent him from taking a firm stand in the interim. He was aided in his determination by the fact that almost none of those who had taken different stands were in a position to influence Gant's work, at least within his group. Those associated with the Task Force were largely occupied with other matters, especially the 1962 program. Then, also, participation in the Task Force modified and broadened the perspectives of both Coffin and Millikan. The Task Force was constructing an actual organization, not working on a theoretical proposal, and its responsibility was for the whole aid agency, not just the development loan portion. Neither Bell nor Coffin wanted or expected to go back to the jobs they had held prior to the Task Force, and this helped to keep the situation fluid for Gant, too.

Gant had asked William Sheppard, ICA Regional Director for the Far East, to carry out the working party assignment on the regions, and through two of his staff members, Scott Moore and Donald MacDonald, the effort got underway promptly. Sheppard was critical of the lack of authority in ICA's regional offices, and was therefore anxious to try to make a contribution. Gant did not wait for the working party report before enquiring into the subject himself. He could not wait, for one of the knotty administrative problems

presented by the organization chart that was current when he came was the relation of the aid agency regional offices to the regional assistant secretaries of state. (See Chart 12). Since Gant had saved relations with persons outside the foreign aid agencies for himself, he found it necessary to meet with the several assistant secretaries of state individually to solicit and hear their views. He also joined the Program Development Group in conversations with some of the ICA regional directors. Some of the regional assistant secretaries argued that the aid agency should have no regional offices, and that foreign aid should be handled through their own bureaus. G. Mennon Williams, former Governor of Michigan and Assistant Secretary of State for African Affairs, was most forceful on this point. "If I haven't got control over foreign aid, what is there for me to do in my area?" he had asked. Some of the assistant secretaries were going ahead and making commitments without checking adequately in advance with ICA and DLF and this was the cause of great concern within the foreign aid agencies. The meetings with the assistant secretaries took place over a period of two weeks, beginning on Friday, the 14th. The regional assistant secretaries were never really able to penetrate the Task Force or Gant's group with their ideas. They were more or less on the outside, looking in. They had no way to make their opinions known effectively nor were they unified in proposing a single solution. They never got together as a group for such a purpose.

The division of authority between the regional offices of the aid agency and the regional assistant secretaries of state had been a question ever since the beginning of the American aid effort. Advocates of a separate aid agency felt that foreign aid was a special function and needed the flexibility and sympathy it would receive in its own organizational environment. They feared control of regional and field operations by regular foreign service personnel of State because they felt that such personnel was too committed to old-style diplomacy and was not of a sufficient caliber and experience to

handle foreign aid problems. There were also those who looked upon foreign aid as a temporary or passing phenomenon, and therefore not appropriately melded into State's activities.

Increasingly, interest had been shown in a long-range "ideal" solution: combine in state several functional offices -- foreign aid, political affairs, economic affairs, information, and cultural affairs, all working through the same set of regional assistant secretaries. Support for this as an ultimate objective was common. The Brookings Institution had made a somewhat similar suggestion some time ago. The International Division of the Bureau of the Budget subscribed to it as did Barrett. George Gant and Ralph Dungan went along with this line of thinking, also. However, most persons of this school of thought felt that the goal was unrealistic at this time and even undesirable, given certain political factors in Congress and the character of the foreign service. Consequently, they tended to want to see the aid agency take a form that would be as compatible as possible with a transfer in the long distant future.

During the course of the conversations with the assistant secretaries, Gant came to realize that there was a close connection between his desire for a geographical emphasis in the new aid organization and a solution to the problem of the aid agency regional office-State regional assistant secretary relationships. Everyone agreed that there should be straight line authority -- the question was through what offices? If important line authority were given to the functional offices, the argument of the assistant secretaries would be reinforced. On the other hand, if the line of authority ran from the aid agency administrator through the regional offices to the field, the assistant secretaries' position would be untenable. To those such as Coffin, Millikan, Rostow, or John Bell who might still be thinking of the aid organization in terms of separate units administering each of the several funds that were to be authorized, and yet who wanted a substantial degree of independence from State, this line of reasoning might

well be persuasive, Gant reflected. Furthermore, if the heads of the regional offices were to hold their own in relations with the assistant secretaries of state, they, too, must have the rank of assistant secretary.

Under these circumstances, Gant presented a few of his tentative conclusions at a meeting of the small informal TPSC on Tuesday, April 25th. Three of the thirteen points that Gant outlined in a dittoed memorandum for the meeting concerned the regional offices. The central proposition was:

The assistance agency will be organized on a geographical basis with the line of command running from the administrator to the four regional directors and from the regional directors to the field. The regional directors will carry out the assistance program under approved policies and country programs, and will be provided with sufficient staff, competence, and resources to exercise such authority. Staff services and review functions will be centralized only when clearly necessary for agency-wide coordination and efficient administration.

The suggestion that Gant made concerning the regional assistant secretaries was:

The assistant secretaries and their regional bureaus will participate in the review of annual country program proposals for the purpose of assuring consistency with foreign policy as a whole and with particular reference to sustaining, as distinct from development, assistance .... Any differences will be submitted to the Secretary of State.

The meeting was very brief, and little was said about the geographical emphasis; it was approved in principle. More attention was devoted to the relations with the assistant secretaries. The regional assistant secretaries posed a greater problem, and all recognized that some statement of policy would have to be made in the presentation volume. The proposed policy went too far, however, in proposing formal review of country programs and amendments thereto, and providing an appeal to the Secretary of State. Such a rigid procedure might hamper the new agency.

Three days later the Sheppard-Moore-MacDonald report was presented to Gant. Sheppard had begun his work a few weeks earlier largely with a modified ICA regional office pattern in mind, strengthening the directors moderately. As Gant made his own position clearer and the assumption of

strong regional offices was set forth, Sheppard and his staff responded by developing what in their minds was a prototype meeting this requirement. It assumed that because the agency would be organized on a geographical basis, all "non-regional offices will be in a staff, service, or advisory capacity." "All funds for country and regional programs and their overseas support will be allotted to the regional directors or through them to field missions; all program and project approvals required in Washington will be made by regional directors or the administrator.... All types of resources -- whatever their form or source -- will be programmed and administered as integral elements of country programs." The regional offices proposed were much larger ones than had prevailed in ICA. In addition to the country desks and program and operations offices that were present in the ICA regional offices, the report recommended large units for technical resources (contract, natural and industrial resources, public services, and loan staffs) and management (personnel and other administrative and management services) plus a legal advisor. The staffing pattern for each of the units was spelled out in detail, and functional statements were included.

The Biren working party report did not go as far as Sheppard's. It did not propose inclusion of as many management functions in the regional bureaus nor as many technical service personnel -- except those in the capital projects area. On the other hand, it included participant training as a regional responsibility, while the Sheppard report did not.

As to the general direction of the Sheppard report, Gant quite agreed. Still, he and Barrett felt that it represented a suggestion to have a more grandiose regional office with broad authority but without responsibility. Throughout the report there was the dictum that the regional directors would take action subject to "agency policies, procedures, and standards." These, presumably, were to be established by the general resource and management offices and the administration. Gant and Barrett felt that the main question

was begged -- how broad or narrow and how complete such policies and standards should be. They were fearful that with a statement of policy, such as that in the report, the regional directors would still be looking to others to tell them what action they should take, or for justification of the action. In their conception, the regional directors should make many of the policies themselves, and be willing to take the responsibility that came with that kind of decision.

Sheppard himself was unhappy with the original conception of his assignment, since he felt that it emphasized what everyone had come to agree on -- the need for more line authority -- but it did not solve the problem of the operations within the regional offices. Even under the ICA scope of authority, the regional directors were beset by all kinds of communications each week -- thousands of reports came to the agency each day. What the regional directors needed was assistance on how to stay on top of these reports and at the same time push ahead with program implementation. Also, they greatly required what Sheppard labelled a "red light system," some means of guiding or warning them concerning the interests and requirements of the General Accounting Office, the Inspector General's Office, and Congressional committees. He therefore appointed a sub-working party of two ICA officials, the Regional Director for Africa, Marcus J. Gordon, and the Director of the Office of Statistics and Reports, Frank M. Charrette. Their task was to come up with a management reporting system that would aid the regional directors. Sheppard did not find Gant impressed with the problem, and nothing came of the sub-report.

Gant, Barrett, and Howard Ball gave more detailed expression to their own conclusions during the period of April 30th to May 3rd, when the rough draft and first revision of the material for the presentation volume was written after prolonged discussion among the three. They decided to call the regional heads "assistant administrators;" the latter, "through the

ambassadors and the directors of the AID missions, will be responsible for planning, conducting, and reporting on the program of the agency within their respective regions." The regional bureaus would have four main functions:

The first, and perhaps the most important of these functions, is formulating the pattern of U.S. assistance programs....

The second function is the direction and support (Gant changed this to "implementation" on May 4th) of approved projects and programs.

The third function is to provide expert advice (on development in the area) and to expedite, follow through, and report upon items initiated by the Mission Director.

The fourth function will be to provide the necessary administrative and support services that are not centralized in the headquarters service and support staffs.

The Gant-Barrett-Howard Ball proposals obviously had one prototype in mind: the regional bureaus of the assistant secretaries of state. The title of the AID regional units (bureaus), the rank of the heads (assistant secretaries), and the functions of the bureaus were clearly designed to make the regional units powerful and prestigious in their relations with the respective Department of State regional counterparts. The first and second revised drafts were specific as to the relations with the regional assistant secretaries of State:

It is essential in the performance of their duties that the AID Assistant Administrators maintain day-to-day working relationships with their counterpart Assistant Secretaries of State. These relationships will be facilitated by such techniques as joint attendance at staff meetings, physical proximity of offices, and interchange of personnel.

Along with other provisions concerning relations with the Department of State, these phrases were eliminated from the third revision of the organization and administration section of the presentation volume, following the informal TFSG meeting of May 5th.

There was also discussion of the relationship of the regional bureaus to the Department of State. The International Division of the Bureau of the Budget was concerned on this point. It had held a meeting on Saturday,

May 6th, with David Bell to review the Gant organizational proposals, and Macy had been assigned the task of checking on relations of AID's regional bureaus with the Department of State. It was agreed by BOB that it was necessary to have country programs cleared through State's regional units. A more difficult problem arose as to whom an appeal would be made if the AID and State regional bureaus were in disagreement. On May 8th, Macy wrote to David Bell reporting that the division of responsibility among the under-secretaries in State (Bowles and George Ball) was then so uncertain, at least as to the future, that no office short of Rusk's could be definitely pinpointed as the appropriate appellate office.

Several attempts at rephrasing the material for the presentation volume were tried, and the language finally agreed upon said simply that the Assistant Administrators would "work closely with the Assistant Secretaries of State in charge of the regional bureaus . . . in formulating the annual program documents." More detailed relationships would await the appointment of AID officials. Gant's attempt to be specific in stating these relationships had failed, or in the words of a favorite Gant phrase, the statement of the relationship had been "fuzzed up."

The Gant-Barrett-Ball proposals were also designed to make the regional bureaus of AID powerful in comparison to the resource and management units of the agency. The functional offices such as development financing and development research and assistance were restricted to advisory and facilitating roles. They were to make recommendations on policy in their areas, provide a few centralized services that could not be given to the regions, and provide a pool of specialized talent on which the regions could draw. The regional offices had all the power and responsibility of decision. There was no implied or informal veto power in the hands of the functional units. It was specified that the AID regional bureaus would have functional specialists on their own staffs in such fields as engineering, education, and public health, as well

as specialists in contracting and lending.

The reaction to the Gant proposals on the regional offices in their relation to the resource offices was both positive in support and highly critical. Support came from the informal TFSG which reviewed the general Gant organization, including the regional office proposals, on May 5th. Similarly, the general White House review on the 17th found no fault with the regional office conception. The feeling was that this was exactly what was needed, and followed the desires of the President as expressed in his March 22nd Message. Criticism came from many sides, beginning with Gant's meeting with his working party members on the 4th and accelerating after the general TFSG presentation on the 9th. The administrative centralizers objected to so many staff and management services being dispersed throughout four offices. The administrative purists raised the question as to where multi-regional activities would be handled. Gant replied that there were few such activities in any event, but that they could be handled either through inter-regional bureau cooperation or through the Office of Development Research and Assistance. (See Chart 13). Grady became very concerned on this point and on May 25th wrote to Labouisse that even if the Office of Development Research and Assistance did remain in the eventual AID organization, at least one of the functions Gant had given it should be broken out and organized separately. Technical liaison with multi-regional programs should not be a function of ODRA. For consistency, a separate line bureau should be created for multi-regional activities. This would make the function of ODRA more unified and the line organization clearer. The letter came too late. Objections were also forthcoming from those who wanted organization to parallel the functional appropriation categories, but these voices were weak by now compared to an earlier day.

Opposition also came from the functionally-oriented persons in ICA

and DLF. Like the others who objected, they had no way of protesting effectively. However, in conversations and occasionally through letters or memoranda, they defended the case for more powers for the functional units and fewer for the regional. James Grant of ICA who had helped to put into the discussions of February a recognition of the importance of regional offices felt that Gant had gone too far in his regional approach.

The first revision of the organization and administration section of the presentation volume provided that the assistant administrators would "call upon available resources in the Office of Development Financing and the Office of Development Research and Assistance" in formulating country programs. Gant's second revision of May 4th changed the language to provide only that they would "seek the views of" the two offices. As a last minute change before the copy went to the printer, Gant reacted to the criticism of the functionally-minded persons by going even further in the opposite direction -- he eliminated any mention of the two resource offices in regard to country programs. He was fearful that any mention of a country program role for them would result in their using it as a pretext of expanding their power.

The Gant interpretation of what constituted strong regions had prevailed.

The Field Missions. The emphasis that was placed on national plans and country programs by the President and Task Force personnel had important implications for the prototype of a field mission that emerged. If national plans and country programs were to be the basis of American aid, the field missions must be given more responsibility than they had in the past, compared to the Washington offices, Gant reasoned. Furthermore, if the host countries were expected to take initiative and help themselves, the necessity for large field missions would not be as great, especially if much of the assistance to the host countries could be carried out through special consultants and contracts. Also, Gant wanted no large field missions promoting their own projects separate from the host country national plan as had been the tendency in some large missions in the past. The Gant-Barrett-Price assumptions laid down on April 14th and 15th merely asked two questions: How would the field missions be serviced -- by their own staffs or by that of the Embassy? What kinds of authority should be delegated to the mission directors? The answer to the first question was non-controversial: in very small missions, probably by the Embassy, in larger missions, probably by the missions themselves. Gant's answer to the second query was certain as to direction -- there should be more authority in the field -- but not as to the exact amount.

The Gant position was made clearer at the April 25th meeting of the informal Task Force Steering Group. The paper that served as the basis for discussion indicated that Gant had his position fairly well defined in detail:

Each USOM will have a small staff to plan, monitor, and account for an approved country program. Additional personnel, particularly specialists, will be provided only in terms of approved programs and projects. The regional director will provide professional staff to assist USOM directors on an ad hoc basis, in the formulation and appraisal of new programs and projects.

There was no question raised about the soundness of this statement at the meeting.

The ICA field missions were asked by Labouisse to forward suggestions to guide the Task Force deliberations as early as April 4th. The replies were routed through Grady's office, but no summary of field suggestions was prepared until June. Grady himself did prepare a short piece on field office organization, based in part on his own ideas and in part on a few reactions from the field, but Gant did not find it useful.

The thinking of Sheppard, Moore, and MacDonald as set forth in their report of April 28th went along with that of Gant only up to a certain point. They readily agreed that the mission director would have "a wide latitude to operate within broad delegations of authority," but given their field operational experience and their contacts with the field, they felt that most USOMs were not equipped to take on these new responsibilities without a substantial increase in staff. Their research for the report had been detailed, and as they came to specify staffing levels and to write functional statements, they felt that the organization and personnel of the present field missions were inadequate for the new tasks. After outlining the several augmented responsibilities that the field missions would have, they called for an increase in their staffs, "particularly in the areas of economic, trade, and investment analysis; manpower requirements analysis; food programming; loan and financial analysis; analysis of administrative capabilities of the host government; and advice to the host government on economic and social development planning. Also, "The increased delegation of authority to the missions will require some augmentation of mission competence -- particularly in the programming, contracting, and legal areas." They felt that additional staff was necessary even assuming that greater use would be made of ad hoc consultants and contracts. They recommended that the mission director have "the supporting and administrative services required to fulfill his program responsibilities including as appropriate those currently provided by the Department of State" -- ie., the embassies.

Gant simply could not accept this position. Working on a more general level of organization, he, Barrett, and Howard Ball produced a revised draft of the organization and administration section of the presentation volume by May 3rd that went in quite a different direction. The three men called for country level administrative support to be integrated, either in the USOMs or in the embassies, whichever seemed most appropriate in a country. As for personnel, they saw no reason why any increase should be necessary because of the enlarged delegation of authority. On the contrary, they called for only a "small staff" dealing with program planning, accounting, and administrative and logistical support. No "balanced" structures would be maintained -- a reference to each functional or technical services unit wanting one or more officers in each country -- and specialized personnel would be located in the field only after a specific need for them had been established by the national plan and country program. The conclusion was striking:

This policy should result in a reduction in personnel at established missions.

The rest was anti-climatical. The Gant position was thought unwise by the old hands, but there was nothing they could do about it. The newcomers who had arrived with the Kennedy Administration and the temporary consultants were in agreement, especially in view of their emphasis on the new self-help principle, the greater dependence on national plans and country programs, and the expectation of far greater use of contracts and consultants. The informal TFSG review on the 5th and the White House review on the 17th went smoothly on this issue. The effect of the presentation volume was thus to create a legislative record that a reduction in personnel could be expected over the next year or two. And that was something that the old hands, and the new administrator, would have to face.

The Role of the Ambassador. Closely allied to the question of the field missions was that of the role of the ambassador. In proposing a

unified aid agency on March 22nd, the President had said that work in the field should be "under the direction of a single mission chief in each country reporting to the American ambassador." By the time the Task Force got organized, those associated with the aid organization talked freely of a clear line of authority running from the administrator through the regional offices to the ambassador and the mission director. Gant adopted this point of view at the outset. However, the exact role of the ambassador had not been spelled out, and it was not clear whether he was to be informed of action or to constitute an essential link in the communication and decision-making chain. There was general agreement that the ambassador should take more interest in foreign aid; in the past, some of them had actually been opposed to it.

There were two ways in which the ambassador could take more interest -- and at the same time more authority and responsibility -- in foreign aid functions. First, he could use a series of informal devices, relying on the voluntary cooperation of the several units that made up his country team. Second, he could rely on his formal powers. The former he would have to employ in any event, but they would be made more effective with the latter. Without adequate legal authority for the ambassador, there existed a ready excuse, often used, for him "to be little more, and sometimes even less, than a general overseer of U.S. activities in his country," in the words of the BOB.

The legal position of the ambassador was clouded by the fact that various laws gave to various department secretaries and other officers certain powers over activities that were to be carried out abroad. This was true with the Department of Defense and the Department of Agriculture, for example. In November 1960 an executive order had tried to define these powers:

The several chiefs of the United States diplomatic missions in foreign countries, as representatives of the President and acting on his

behalf, shall have and exercise, to the extent permitted by law and in accordance with such instructions as the President may from time to time promulgate, affirmative responsibility for the coordination and supervision over the carrying out by agencies of their functions in the respective countries.

The Bureau of the Budget had played a central role in working out this language with the interested agencies. According to the International Division:

This language was developed after months of the most detailed -- even tortuous -- discussions and considerations, involving especially State and Defense, and was considerably weaker than that proposed originally by State. State's Executive Order draft provided that the ambassadors "shall exercise full power of coordination and direction over all United States Government programs being conducted in such country." Among other changes, the word "supervision" was substituted for "direction," the phrase "affirmative responsibility" was substituted for "full power" and the qualifying phrase "to the extent permitted by law" was added in the final version of the order.

With respect to the State version, the Justice Department raised the legal objection that the language, taken literally, could be construed to apply to statutory functions of the heads of Government agencies and also to matters entirely unrelated to foreign policy.

One of the early questions raised with Gant by John Rehm of the legislative drafting party was how, if at all in the aid agency legislation, the role of the ambassador in regard to foreign aid was going to be expressed. The Gant-Barrett-Price paper on assumptions raised a supplementary question: Will the administrator of the new agency be authorized to instruct the ambassadors? If not, at what point and how will regional directors exert control over field operations? Gant set these problems down as of high priority for the following week.

His first attempt to provide a detailed answer to the questions came at the informal TFSG meeting on April 25th. The paper he prepared for it said in part:

The Ambassadors will oversee the assistance programs in the field and coordinate them with other U.S. programs. USOM directors will be selected by the assistance agency and receive their instructions directly from the regional directors. Country programs will be reviewed by the Ambassadors before transmittal to the regional directors. USOM directors will communicate directly with regional directors. Copies of communications to and from USOM directors will be supplied to the Ambassadors. Differences will be resolved in the first instance by the Regional Directors and Assistant Secretaries, and if not at that point by the Secretary of State.

Of course, the statement was far too detailed to be suitable for the presentation volume or serve as the basis of a clause in the bill, but it did prove to be a stimulus for discussion. Gant had tried to word the proposal carefully to take care of the ICA Director's feelings. However, Labouisse expressed his views by using the cable system as an example. He insisted that he wanted his own cable system, direct to the field missions, and did not want to have to work through State and the ambassadors. Others were not so sure that this was the right system, feeling that the ambassador should be more in the center of communication -- and decision-making. Gant agreed with the latter position. Thus Gant and several other members of the Task Force found themselves opposed to the Task Force Chairman, and they tried to bring him around to their way of thinking during the next two or three weeks.

A few days later, the Bureau of the Budget's International Division offered to be of help. It came up with a statement giving the legal background on the powers of the ambassador, and suggested that a section of the aid agency bill authorize the President "to prescribe such measures and dispositions as he may deem necessary to assure that international functions of the United States are brought into harmonious action." With such power, the President could delegate to each ambassador authority to give foreign policy direction to all U.S. activities in his country and to see that they were integrated into a single, unified plan. Gant included this proposal on the agenda for the informal TPFG meeting of May 5th.

Meanwhile, the Gant-Barrett-Ball team had produced a draft of the presentation volume which also was to be discussed at the meeting. None of the working parties had been asked to examine the role of the ambassador; the concepts on the ambassador in the May 3rd and 4th drafts stemmed from the three men themselves. The May 4th draft provided:

In the field, country missions will report to the ambassador, who, as the personal representative of the President and the Secretary

of State, exercises general supervision over all U.S. foreign affairs activities. Operational responsibility will be vested in the director of the country mission who will receive his instructions from Washington through the ambassador.

The informal TFSG meeting on Friday, May 5th, found Labouisse in a minority. He liked neither the proposed section for the authorizing act nor the statement of policy for the presentation volume. He felt that the position of the administrator of the aid agency would be untenable if before communicating with the field or ordering action, he had to go through an intermediary whom he did not appoint or control. He did not object to keeping the ambassador fully informed nor to the ambassador's working out a unified country position if that were possible, but he wanted the right to run his own agency with maximum freedom. Typically, given his approach to administration, he neither ruled that these proposals should be set aside nor prevented the discussion and debate from proceeding. Instead, the issue was ultimately tagged as one that should go to the White House for decision.

By now a consensus had developed in the Task Force, aside from Labouisse, that the ambassador should be a major figure in foreign aid administration, with line responsibilities. The proponents felt that this was the only way of assuring coordination among the several agencies who performed functions which, while they might not overlap, at least were intimately related to each other. Furthermore, if, in the words of the President, "the difficulty which the aided countries and our own field personnel sometimes encounter in finding the proper channel of decision making" was to be removed, this course of action was required. Rehm and his group inserted provisions in the third and fourth drafts of the proposed authorizing act (May 8th and May 22nd) stating that "The President is authorized to prescribe, without regard to any other provision of law, such measures as he may deem necessary in order to assure that all activities of the United States Government in any foreign country are centrally

supervised and directed in the promotion of United States interests in such country."

In preparation for the meeting on May 17th in the White House, Gantz had written memoranda for the President on the few major issues that were expected to arise, including the role of the ambassador. The Bureau of the Budget had circularized the third and fourth drafts of the proposed law, and had received a number of comments back from the several interested agencies. While not all written replies were in, BOB already knew that both Defense and Agriculture objected to the powers -- especially the directing power -- that were to be vested in the ambassador.

Labouisse had not been entirely convinced that his original position was wrong, and at the meeting he expressed some reservations about the relations between the AID administrator and the country missions if the ambassador stood in between. However, the meeting affirmed a stronger line role for the ambassador, since both the White House and BOB favored this course of action, in addition to a majority of the senior Task Force personnel present.

Legal embodiment of this decision was a more difficult point. The provisions in the law were a sticky point with other agencies, and it was decided that it would be easier to get a new and favorable opinion from the attorney general and to have the President take action on the basis of his ample powers than run the risk of opposition by other departments to the aid authorization bill. The offending paragraph was ultimately removed by Rehm, and no mention of coordination in the field or the role of the ambassador was contained in the draft legislation submitted to Congress on May 26th.

The objections of Labouisse had been too strong to the specific working of the presentation volume, and what with the decisions of May 17th Gantz went back to his office and struck much of the language of May 4th, leaving only:

In the field, country missions will report to the ambassadors. Operational responsibility will be vested in mission directors.

Presidential action was not long in coming. Both the Bureau of the Budget and the Task Force saw to it that the President's message transmitting the foreign aid bill included specific mention of the ambassador's role. It was all that Gant and his Task Force colleagues could have asked for.

The line authority will run from the Administrator to the Assistant Administrators . . . and, through the Ambassadors, to the chiefs of the AID missions overseas . . . .

The ambassador, as representative of the President and acting on his behalf, bears ultimate responsibility for activities of the United States in the country to which he is accredited. His authority will be commensurate with his major responsibilities. Presidential action has already been taken to strengthen the role of our ambassadors and further executive action is being undertaken to clarify their responsibility and authority.

The case had been won. Labouisse accepted the decision with grace and argued vigorously for ambassadorial responsibility before Congress.

Office of Personnel Administration. If there were any two things that were predictable about the direction in which George Gant would seek to move when he was appointed chairman of the Organization and Administration Group of the President's Task Force on Foreign Economic Assistance, it was that he would favor a regional approach to organization and an expanded, positive concept of personnel administration. While his feelings about the superiority of the regional approach were reinforced by his work with the Southern Regional Education Board and the Ford Foundation after leaving TVA, his position on personnel administration stemmed essentially from his experience in the TVA personnel office, culminating in five years as the TVA Director of Personnel. He had maintained his interest in personnel administration over the years, and was a member of the Public Personnel Association.

Basically, his approach to personnel was in program terms. He felt that any organization needed a unit to assure an orderly flow of personnel

to meet program needs. From this central proposition followed four corollaries. First, personnel office of the new aid agency should have a positive, outgoing approach. It should marshal and strengthen the resources of the country to make certain that they were adequate to meet the needs of the program. Rather than being staffed only by a group of personnel technicians and clerks, the office should have staff specialized in the various professional fields to carry out such a function. Second, the personnel office should be the central unit for administrative management in the agency, since the appropriate use of personnel depended on suitable arrangements in the organization and management area. Third, personnel services should be decentralized to program units as much as possible. Finally, the personnel office should be highly visible and prestigious if these functions were to be successfully carried out.

As he looked into the ICA, Gant found that the office of personnel administration was merely one of several offices placed under the Deputy Director for Management, John J. Grady. The other offices Grady supervised were management planning, security review, statistics and reports, administrative services, and controller. It seemed to Gant that the office was rather buried. On closer inspection, he came to feel that it also was not performing the positive marshalling or management functions that he considered so important. He was not impressed with the staffing of the personnel office. Part of the problem was conceptual, he believed. The ICA Office of Personnel had not been given a role to play in the larger personnel picture as Gant conceived it. In his preliminary conversations with Grady, Gant did not find a point of view concerning personnel administration that was of the same dimension as his. Grady was more concerned with details - the number of supergrades, per diem consulting rates, or the education of dependents of Americans abroad. Grady listed 26 of these items in the management area in a memorandum to Gant

on April 20th that suggested patterns for the new legislation.

As he came to select a working party to examine personnel administration for the new aid agency, Gant decided that he needed outside consultants to take on this assignment, not "insiders". The latter would not see the forest for the trees. He had known James M. Mitchell of the Brookings Institution for some years, trusted his judgment and valued his experience. Mitchell had held personnel administration posts for about twenty years at various levels -- city, consulting firm, state, professional association, and national, serving as executive director of the Civil Service Assembly for eight years and United States Civil Service Commissioner for five. Gant designated Mitchell chairman of a working party on personnel administration. As a working party colleague for Mitchell, James Fowler of the International Bank for Reconstruction and Development was selected. Fowler was well acquainted with Richard Barrett, Gant's deputy, from UNRRA days, just after World War II. He also knew Scott Moore who was at work on another of Gant's working parties. The Organization and Administration Group was characterized by nearly everyone knowing nearly everyone else on a first name basis.

The personnel system was one of the urgent priorities facing Gant at an early stage, since whatever system was to be recommended had to be rooted in the proposed authorizing legislation. In turn, the nature of the Office of Personnel Administration would be fundamentally determined by what kind of personnel system was recommended. The President's Message of March 22nd had merely called for a new agency with the highest caliber personnel, and did not reveal how such personnel were to be selected or managed. On April 12th, John Rehm of the Legislative Drafting Work Party sent a memorandum to Gant listing a series of questions needing answering if draft legislation was to proceed. The first of these was what the basis employment authority

for the new aid agency was going to be. Gant, Barrett, and Price were also concerned on this point during their weekend conference of April 14th and 15th. They put forth the following question for study by the working party:

Can the new agency utilize existing personnel system -- Foreign Service and Civil Service -- or will it require the development of a new system? If so, what provision, if any, should be included in the legislation?

To a considerable extent, two queries reflected the thinking of George Gant, for at this stage of his work he was actively exploring the possibilities of a separate personnel system for an independent aid agency. He did not feel that either the Civil Service or Foreign Service provided the kind of system that the aid agency required. The aid agency had to have a system that facilitated entry at mid-career (often called lateral entry), allowed for a relatively large proportion of high-level professional personnel for what were often relatively short tours of duty, and, produced a development-minded corps of personnel. The Foreign Service was widely viewed as not especially interested in national development abroad and some persons went so far as to say that important segments of it were actually anti-development, so committed were they to traditional diplomacy.

Gant's thoughts about a separate personnel system to meet the unique requirements of the aid agency were given a rude shock on April 25th when the informal TFSG went against his recommendation for a separate aid agency. The aid agency was to be attached to the Department of State. While it still was possible, theoretically, to construct a separate personnel system, since the agency was to have its own administrative identity, the case for it had been seriously weakened. Gant's "ideal type" of a separate aid agency with a separate personnel system had been turned down, and he now turned to consider an alternative "ideal type" at the

the other extreme - a completely integrated personnel system. This shift was the widest made by Gant in any area, and personnel was the only area in which Gant directly experimented with ideal types.

The shift in Gant's thinking was in important respects attributable to the work of Mitchell and Fowler. They had begun to conceive of a personnel system that would be completely integrated with the Department of State and the Foreign Service. The ideal goal, in their opinion, was an effective and flexible personnel system that would meet the needs of all the foreign affairs agencies, including the Department of State, the United States Information Service, and the aid agency. Such a system would include provision for maximum interchange of career personnel between it and other Federal personnel systems. The aid agency Office of Personnel Administration would then become a part of a larger Department of State unit.

Mitchell and Fowler met with George Gant early in the morning of April 26th. They set forth their thinking, and Gant, with the results of the April 25th informal TFSG meeting still fresh in his mind, found the direction of their recommendations appealing. Given the fact that the aid agency was to be a part of the Department of State, Gant felt that an integrated aid agency made a lot of sense. It also accorded with very long-range goals of actual integration of the aid agency into State. He therefore decided to see what could be done in this direction. He contacted appropriate officials from State, and pushed along a working committee of State, ICA, and DLF officials in the personnel and administrative area to explore ways and means by which integration could be achieved.

During the next few days, Mitchell and Fowler prepared the final draft of their working party report. It was submitted to Gant on Saturday, April 29th. Entitled "Recommendations for Personnel Management,"

it ran some 27 pages plus a number of appendices. After reviewing a series of previous studies and reports into the personnel system of the Department of State and aid agencies, Mitchell and Fowler came to the conclusion that:

In view of the progressive steps that already have been successfully taken and the general agreement with which a unified personnel system is considered desirable, we believe that now is the time to obtain legislative expression for the establishment of the broad outlines of a personnel system unified under the authority of the Secretary of State.

They felt that further study was not necessary; the time for action had come. Assuming necessary legislative implementation of the integration concept, the authors set forth a proposed organization in which the aid agency personnel system was to be administered through a special arrangement with the Department of State. The Secretary of State, through his Deputy Under Secretary for Administration, and in turn through the latter's Director for Personnel Services, would be provided with two or more Deputy Directors for Operations in personnel matters. One of these would be for political and consular affairs and another for the aid agency. The Deputy Director of Personnel for Operations for the aid agency would report operationally to the administrator of the agency and administratively to the Department of State's Director of Personnel. The personnel system of the aid agency would be run in conformity to the standards and policies laid down by the State's Director of Personnel.

Of all the working party reports, that on personnel management probably influenced Gant the most. He embraced the goal of integration of personnel systems in the foreign area as soon as possible, and worked hard to that end. However, time was running out and proposals for legislation and material for the Congressional presentation volume were due. As Gant, Barrett, and Ball went over the proposed organization for the new aid agency during April 30th-May 2nd, they felt that it was necessary to come up with a formula that did not depend upon extensive negotiations at that

time. The Mitchell-Fowler suggestions for an aid agency personnel office subordinate to State would have made it mandatory to get the approval of several persons in the Department of State to the cooperative personnel system. While explicitly accepting the goal of integration as soon as possible, the three men moved ahead with recommending a separate aid agency personnel office with extensive powers, at least for the interim. However, a paragraph of explanation was included in first revised draft of the organization and administration section of the presentation volume:

It is proposed that the personnel systems of the State Department and the new assistance agency be integrated. Representatives of the two groups are now at work to this end. Such integration will provide assistance agency personnel with opportunities and incentives needed to attract and hold the best of them in professional careers devoted to foreign service. Rotation of assignments among State Department and assistance agency personnel will broaden the scope and perspective of both, add to the base of qualified personnel for selection, and facilitate working relationships both in the field and in Washington.

The discussions of Wednesday and Thursday, May 3rd and 4th were heavily devoted to the question of what personnel system was best. Mitchell was present during many of the discussions, and set forth the case for immediate integration moves. Both of the outside consultants, Don K. Price of Harvard and Wallace Sayre of Columbia were against integration at this time, and Barrett more or less supported their views. They were for a cautious approach. They thought that the ideal arrangement would be amalgamation but that in the immediate future it would not serve the specialized needs of the aid agency and would subordinate it to the old-fashioned notions of the diplomatic corps.

Gant, having originally started with a separate system in mind and then having gone in Mitchell's direction of integration, began to soften some of the language in the presentation volume drafts in response to the views of his advisers. The second revised draft that was presented to

the informal TFSG on Friday the 5th contained markedly different language from its predecessor:

It is proposed that the personnel system of the State Department and the new assistance agency be integrated in such a way as to assure consistency of policies and standards to facilitate lateral transfers, and to provide the decentralized operations necessary to accommodate the unique requirements of each. Rotation of assignments among State Department and assistance agency personnel will broaden the scope and perspective of both . . . .

The informal TFSG did not take kindly to this proposal on Friday, but there was insufficient time to cover the many aspects of personnel administration during the late afternoon meeting, and so a special meeting devoted to personnel matters was set for the following Thursday, May 11th. For this meeting, Gant prepared a separate memorandum on personnel management. In distributing it, he also attached a copy of the Mitchell-Fowler report, and indicated that he was in agreement with its recommendations concerning integration. He added that it was his opinion that integration could be accomplished by administrative action either at the Presidential or Secretary of State level; legislation was unnecessary except for action to liberalize the provisions of lateral entry into the Foreign Service Officer Corps. Thus the Mitchell-Fowler call for a legislative expression of views was unnecessary, he felt.

At the meeting on the 11th, Gant argued vigorously for steps toward integration. First of all, he felt that integration would provide central policy guidance for a wider area of foreign affairs personnel in a single system under the Secretary of State. Second, it would provide career personnel for the economic aid program with the same status as the career personnel of the Foreign Service. Third, it would create a corps of highly qualified personnel organized to meet rapidly changing situations. The arguments were forceful, and they were given great weight by the informal TFSG. The group agreed with the eventual goal of integration, but suggested that it was somewhat farther away from realization than the

proposed statement for the presentation volume indicated. This line of reasoning was buttressed by the fact that the preliminary negotiations with the Department of State on integration had been going rather slowly; the working committee was not bearing fruit. Furthermore, a number of Task Force members felt that hurried integration without substantial modification of existing State Department personnel policy would unduly hamper the aid agency.

It was not just negotiation of Gant and Barrett with the Task Force and White House that brought about changes in the presentation volume material on personnel. In the first half of May, Gant brought on to his staff Melbourne Spector, who had long been associated with ICA in high-level field positions and had been helping out Coffin and the Program Group. Spector's assignment was to work out the details of the personnel system, starting with the Mitchell-Fowler report and the early drafts of the presentation volume material. Spector favored integration only eventually, not immediately, and he felt a separate personnel office for AID was essential. The foreign policy specialists of the Department of State were not adequate for the personnel needs of AID. One of Spector's priority responsibilities was to redraft the personnel statement for the presentation volume. In doing this he worked closely with Herman Pollack, the Deputy Assistant Secretary of State for Personnel. The final statement was acceptable to Pollack, an important consideration if the basis for eventual integration was to be laid.

With Gant and Barrett concurring, Spector turned to the task of modifying the language of the material for the presentation volume, in accordance with the sense of the informal TFSG meeting and his negotiations with State. The fourth revised draft which was considered at the White House meeting on May 17th contained the following language:

After a careful review of . . . features of the current personnel situation, it has been decided that the development of a separate career system for AID personnel is unnecessary and undesirable. Instead, it is proposed that the authorities in the Mutual Security Act be retained as an interim step in the development of an integrated foreign affairs system embracing both the assistance and nonassistance parts of the State Department. In the meantime, the personnel systems of the State Department and AID will be administratively integrated in such a way as to assure consistency of policies and standards to facilitate interchange of personnel, and yet to provide the decentralized operations necessary to accommodate the requirements of each. Interchange of assignments among State Department and AID personnel will be increased . . . .

In addition to the added portion at the beginning of the paragraph, two significant changes had been made: "integrated" had become "administratively integrated" and "rotation of assignments" had become "interchange of personnel."

Only one further change was made after the White House meeting. The term "Administratively integrated" was abandoned and the more general "administered" substituted in its place. Thus, finally, more cooperation and some coordination came to be accepted as the immediate goals and integration was made more futuristic. Furthermore, the proposed legislation in its various drafts never touched upon the question of easing lateral entry into the Foreign Service Officer Corps (which requires four years of prior government service), the one aspect of integration needing legislative action.

However, Gant did not give up his determination to push integration. He prepared a memorandum for Labouisse to send to Rusk recommending an integrated personnel system for USIA, the aid agency, and State, and recommending further that a study be undertaken on how this could be brought about. An outsider, such as Professor Frederick Mosher of California should direct such an effort. But these efforts by Gant could no longer affect the course of legislative action or the language of the presentation volume. The time for submitting recommendations to the Congress had

come.

The decision concerning integration or non-integration merely provided the framework within which a personnel office would operate. In addition, it was also necessary for Gant to implement his concept of a program - oriented personnel office, with the four corollaries of a more positive personnel policy, management planning, decentralization of personnel services, and a more visible office. Throughout April, Gant expressed increasing concern that the personnel office of ICA was buried and was a relatively weak part of the operation. The TVA was more and more frequently cited as an organization that had a hard-hitting personnel office. Anticipating the direction that Gant favored, Robert Biren, Director of the Office of Management Planning of ICA and head of a working party for Gant came up with a recommendation that included two significant changes: it proposed elimination of an officer equivalent to the ICA Deputy Director for Management, and it suggested combining the functions of management planning and personnel management in one office. The Mitchell-Fowler proposals did not touch upon either point.

There was little doubt in the minds of Gant, Barrett, and Ball as to what course to pursue in regard to the Office of Personnel Administration as they began constructing the recommendations for organization and administration of the new aid agency April 20th-May 2nd. A Deputy administrator for management was not favored. Therefore, the personnel office and other management offices would report directly to the administrator of the aid agency and his general-purpose deputy. Thus Gant achieved his desire to make the office more visible. Furthermore, he combined the management planning and personnel administration functions; later, he added a third function for the Office of Personnel Administration, namely, that of evaluation. The office was thus made more powerful and prestigious, and to the extent that personnel, organization, procedures, and

evaluation went hand-in-hand, a greater degree of coordination would be achieved and an office projected that would be more adaptable to program needs.

Two other aspects of the proposed personnel office were decentralized personnel operations and a more positive personnel policy, especially in recruiting and training. Both were reminiscent of the TVA personnel operations, and the former was actually justified by direct reference to the TVA in the Mitchell-Fowler report. Each of the major units of AID and each of the overseas missions was to be given substantial responsibility for personnel operations. This idea was carried through without effective objection into the final draft of the Congressional presentation volume by Gant. "The Office of Personnel Administration will provide decentralized personnel services through assignment of personnel staff to other agency offices as needed." The enlarged role of the personnel office in regard to facilitation of program was also set forth. A positive program of action in personnel selection, training, and placement was outlined in the presentation volume, designed to "mobilize personnel resources" to help assure "success of United States efforts in assisting countries to obtain maximum growth." In general, "the position of personnel administration is given greater weight in the new agency."

There were muted objections to all four aspects of the Gant Office of Personnel Administration. Some of these were expressed during Wednesday and Thursday, May 3rd and 4th, when Gant reviewed his proposals for the benefit of the working parties. However, there was no way in which those opposed to the idea could register their dissent, and those in a position to do so such as the members of the informal TFSG were not especially opposed to the personnel office concept as it came to them from Gant. There were so many pressing problems for the informal TFSG to handle, that the concept behind the personnel seemed to be one item that could be

left to Gant. No further action was taken, and thus the presentation volume went to Congress with the proposals concerning the Office of Personnel Administration essentially as Gant outlined them. Still, it was uncertain to what extent Labouisse and the other Task Force members completely understood or unreservedly supported them.

The main role of objection fell to Grady, the Deputy Director for Management of ICA. After the "Congress" meeting on May 9th at which Gant presented all his proposals, there was rather general knowledge of the organization and procedures that Gant was recommending. Grady reviewed the third revised draft of the presentation volume that served as the basis for the May 9th meeting and found many things in it to which he was bitterly opposed. Given his position as head of management in ICA, he felt it incumbent to call to the attention of Labouisse the many shortcomings in the plan, including those in the personnel area. After some discussion between the two men, Labouisse suggested that Grady prepare a memorandum outlining his reactions to the Gant proposals. This he did in a long 13-page memorandum on May 16th.

With wry humor, Grady began by saying, "Before commenting upon your plan, I thought you might find it useful to have my own views as to the significant management deficiencies in the current ICA organization," -- an obvious reference to the lack of consulting of Grady by Gant. He felt that more positive recruitment was desirable and pointed out some other deficiencies, and some of the reasons holding up their elimination. As to the Office of Personnel Administration that Gant proposed, Grady was unhappy with its decentralized aspects. For example, he did not feel that a logical division of responsibility had been made between the regional offices and the personnel office in this regard. Instead, he observed that there would be six or seven personnel authorities if the Gant idea was carried out -- an untenable situation, in his opinion. Secondly, he

strongly opposed the idea of management planning and analysis being located in the personnel office. Calling it "inconsistent with generally accepted views of administration," he pointed out, "my own experience indicates that this marriage would probably be quite <sup>un</sup>satisfactory." It was mixing a staff and advisory function with a servicing and operating responsibility, he felt.

His heaviest fire was concentrated on the Gant proposal to eliminate a position that would be equivalent to the ICA deputy director for management. After reviewing the many organizational units that would report directly to the general-purpose deputy and the administrator, he attacked the problem head-on in the last three pages of the memorandum:

. . . By splitting the Management area into three separate units, each reporting to the Administrator and Deputy Administrator, a large burden of administrative decision-making for the agency as a whole will devolve upon the Office of Administrator. In an agency as complex as the Aid Agency, this workload burden is now heavy and will unquestionably become even more formidable in the future.

With personnel, finance, and logistics in three different units, Grady felt that nowhere in the proposed plan was provision made to meet the responsibilities of developing correct procedures to rationalize and control the three types of resources -- funds, personnel, and material -- below the level of Administrator.

I do not consider it sound or realistic from a management point of view to expect the head of an agency to assume direct responsibility for the day-to-day coordination, guidance, and decision-making required. . . . these are significant executive functions which in ICA (and in many other organizations) are handled centrally at a level below the agency head but reasonably high in the organization hierarchy to assure influence and acceptability.

Gant replied to Grady in writing two days later. The major item posed by your memorandum, he wrote, is the problem of span of control of the Administrator. The problem is easily resolved, Gant declared, through delegation, assuming simpler lines of authority as have been proposed. The solution was definitely not to impose another hierarchical layer between

the Administrator and the organization. There is no span of control problem, stated Gant, "unless it is assumed either that policies and processes cannot be clarified and/or the senior staff cannot be trusted."

I am sure that you realize that the concept of 'span of control' is complex rather than simple and should be determined by factors other than merely counting noses.

The exchange did nothing to cement relations between the two men, and on May 25th, Grady took the additional step of sending a memorandum directly to Labouisse on "Proposed Organization of AID." Three of the seven "remaining significant weaknesses in the Task Force Organization Plan" that he saw were in the personnel field. Personnel and management analysis should not be combined. To do so, Grady felt, would divert the personnel officer's attention to extraneous matters and cause him embarrassment in performing his service function. Secondly, some problem of span of control still existed because of the lack of a deputy administrator for management, even though the administrator's span of control was made more reasonable by the decision of Labouisse to have two deputy Administrators instead of the one that Gant had proposed. Finally, the evaluation function was dispersed in several parts of the organization, Grady reported, including personnel, program review offices, and elsewhere. Responsibility for evaluation should be centralized, and in any event should not be a part of the personnel office.

Grady had spoken as an individual, but he represented many silent voices within the existing organization, and even within Gant's working parties, voices that were silent because objection at this point might be damaging to their careers as the new organization was set up, and voices that were silent because of no appropriate forum to make known their points of view. The memoranda by Grady were far too late to affect the Congressional presentation volume that was sent to Congress on the 26th, but they helped to keep the issue alive on into the Summer and Fall within the Task Force, ICA and, eventually, AID.

Personnel Policies. Of all the matters affecting personnel laid out in the proposed statutory provisions and the presentation volume, none was more controversial than the two items of the system of personnel carry-over and the number of statutory and supergrade positions. Since the Task Force had decided to create a new agency rather than just to modify an existing one, it was faced with the necessity of deciding whether the employees of the aid agencies to be consolidated into the new organization were to be carried over en masse or whether some reduction-in-force was to be effected before such transfer. The last change in Administrations in 1953 had brought a major reduction-in-force, still referred to as "Stassenization." President Kennedy had campaigned vigorously in regard to securing better personnel for the foreign aid effort, and had pointed to the necessity of weeding out the incompetents. Here was a major opportunity to strike forth for better personnel, many believed.

Congress had always been very concerned with the statutory and supergrade positions, and it could be expected to scrutinize carefully any proposed increase in their number. Such an increase was something that opponents of foreign aid could easily latch onto for political advantage. And it was a matter, just as reduction-in-force, that required action by Congress in the authorizing legislation, not just the informing of Congress by means of the presentation volume.

A third and only slightly less controversial matter was the general staffing level for the new agency. Was it to have a general increase or decrease in personnel? Congress would insist on knowing, and the proposed appropriations would have to take account of this fact. At the TFSG meeting on April 20th, Gant presented a preliminary statement on "Personnel Financed under the Aid Program" which had been prepared in memorandum form before the meeting. The document was mainly concerned with staffing levels for the new aid agency. In approaching the problem of the number

of employees for the new organization, Gant felt that although there would be requirements for additional employees as a result of new policy areas or new units within the aid agency, many areas could stand fewer personnel. Specifically, the large technical services both in Washington and the field were one place where economies in personnel could and should be insisted upon. The new agency should be a modest-sized, hard-hitting, flexible organization. Therefore, he felt that it did not need additional employees -- nor any substantial increase in supergrades and statutory positions. The TFSG decided at its meeting that the staffing level should not in any case exceed that attached to the component agencies on June 30th, 1961. Gant hoped that this number could be reduced. However, on May 18th he reluctantly advised Labouisse by memorandum that the proposed staffing levels provided only a slight reduction in the total number of employees. Still, to go to a strong regional organization and still propose a slight reduction in the number of employees was cutting the effective number sharply, since building four strong regional units would take more of certain kinds of personnel than a functionally-oriented agency would.

Gant purposely left the question of statutory positions and supergrades until the end of the pre-legislative period of Task Force work. There had been many estimates made as to the desirable number of each. For example, Grady had proposed in a memorandum to the Task Force in early April that between 110 and 120 excepted positions or supergrades were needed. This and other proposals depended on what was recommended relative to foreign service reserve officers. Authority to employ foreign service reserve personnel for the aid agency in Washington before going to the field was something that had long been sought and recommended. More recently, Grady had endorsed such a move in early April in writing to the Task Force and Rehm had raised the possibility on April 12th. To the extent that such Foreign Service reserve officers were employed

at top levels in the agency, there was no need for supergrades under the Civil Service system.

Gant was content to let things ride until the proposed organizational framework was quite definitely set in early May. He then reviewed it to see what personnel requirements were present; at this point, the jobs to be filled were clearly identifiable if the Gant recommendations were followed.

He made no recommendations to the informal TFSG meeting of May 5th on this topic. The third draft of the proposed authorizing legislation on May 8th left blank the number of excepted positions and contained no provision for foreign service reserve officers to serve initially in Washington. He waited until a special meeting was called of the same group on May 11th. He presented rather modest figures for excepted positions, some 80 all told. He explained that part of the reason was that he also recommended that foreign service reserve officers should be allowed initially to serve the aid agency in Washington at least for a year, not just in the field as at present. If Congressional approval could be secured for this step, Gant felt that the reserve officers should be used to fill the high professional jobs in the line units -- the regional offices -- and that supergrades would therefore largely be a matter for the non-regional office part of AID. The foreign service reserve officers system should not be extended to the staff and functional posts because normally the holders of these positions would not go to the field, Gant reported. It was difficult for other members of the Task Force to argue about numbers since they did not have the time to make a detailed survey of the proposed organization, unit-by-unit. Then, too, the 80 figure was higher than current levels, and Congressional opposition to anything much greater was certain. The informal TFSG accepted the proposal and with it the rather modest number of excepted personnel -- modest, that is, in

comparison to some proposals such as that of Grady's.

By May 16th when the fourth revision of the presentation material was issued, Gant included his proposal for the 80 excepted positions. As the result of decisions concerning the role of the Department of State during the next few days, it was necessary to increase the number to 85, and this was reflected in the fourth draft of the authorizing legislation on May 22nd. Of the 85, 60 could be supergrades (i.e., higher than grade 15 of the general schedule established by the Classification Act for the Civil Service in 1949). Gant also inserted a provision relative to foreign service reserve officers. The draft provided that "the President may initially assign personnel for duty within the United States for periods not to exceed one year prior to assignment outside the United States."

Gant's estimate of the number of statutory positions had to be revised upward as the proposed organization took more definite shape, also. Originally, he had thought of only six statutory positions, the Administrator, Deputy Administrator, and the four Regional Assistant Administrators. Thus the third draft of the authorizing legislation on May 8th provided for the six, one at the under-secretary level, one at the deputy-under-secretary level, and 4 at the assistant secretary rank. In addition, of course, the President would be able to appoint the chief and deputy chief of missions overseas. By the second week of May, it was apparent that the Washington provisions were inadequate, and so Gant revised his figures to 12 statutory positions -- an added deputy under-secretary rank for the second Deputy Administrator, and 5 more posts at the assistant secretary rank, to include the directors of the three functional offices and two of the directors of administrative offices. These provisions were approved by the informal TFSG and the White House without much debate, and first appeared in the proposed legislation on May 22nd.

The White House review of excepted positions was not severe, and the Gant proposals were approved with one alteration for greater flexibility and cushion. It was decided to ask for permission to appoint foreign service reserve officers in Washington initially for four years, not just one, before assignment to the field. With the greater flexibility achieved by this modification, the White House felt that it could live with the proposed recommendations.

As the result of these decisions, the Administration asked Congress for 12 statutory positions, an increase of four over those that had been authorized for the agencies taken over by AID. Of the 60 supergrades, five were to be for the Department of State in its role as coordinator of military and economic aid and 55 for AID, the latter representing an increase of nine. In the presentation volume, Gant noted that "these additional positions are required because of the need to staff the top positions in the new research and development program and to strengthen the personnel and financial management functions." However, a big increase was somewhat hidden in the foreign service reserve officer category. With the new authority for foreign service reserve officers contained in the proposed legislation, Gant reported that 32 positions would be filled in these ranks at rates higher than those provided for GS-15, or at supergrade levels. This was an increase from 20. "These positions will be used to enable the regional bureaus to carry . . . additional responsibilities . . . ."

Despite his feeling that ICA was too big and sprawling and his desire to keep the <sup>new</sup> organization at a modest size, Gant was forced to recommend little or no reduction in personnel and more supergrades and statutory positions in part because of the kind of organization he developed and in part because of the general desire in the Task Force to upgrade and strengthen the entire operation, especially at leadership and the higher

professional levels.

Gant also moved slowly in regard to the issue of reduction-in-force. In early April it was apparent that nearly everyone both within and outside the Task Force was operating on the general assumption that there would be a reduction-in-force. It seemed a natural, and, to most, a desirable thing for a new Administration to do. The assumption was reflected clearly in the memorandum that John Rehm of the Legislative Drafting Party sent to Gant on April 12th. In listing the various questions that had to be answered before a draft of the proposed authorizing legislation could be complete, Rehm did not raise the issue of reduction-in-force directly, but posed a question as to what kind of reduction in force was to be brought about. That there was to be one, there was no doubt.

Another indication of such thinking had occurred in the Bureau of the Budget a week earlier. A special three-man group from the International Division and from State had presented a memorandum to the chief of the International Division on "Alternative Methods of Personnel Reviews in ICA and Other Related Agencies." Here, the assumption was that some method of separating undesirable employees was essential, and three methods were examined in detail. First, a selection-out process could be followed whereby under suitable legislative authority that could be requested, regulations could be set up to give the new aid agency more freedom in getting rid of employees under the Civil Service system than currently was the case. The group found such a course of action undesirable since it could not be used quickly on a mass basis without threatening an orderly career service service and its basic technique. A second possibility was to give special authority to the aid agency administrator similar to that given by the Mutual Security Act of 1953. The administrator would then decide who would go and who would stay when the new agency was set up. The group found this alternative undesirable, also, since the

onus of the Stassenization process would be a severe handicap placed around the neck of the new administrator and agency. Finally, existing agencies could be abolished and a new aid agency established, with the personnel rights of the existing employees ending with the termination of the life of the agencies to which they were attached. A screening device could be established to determine which employees would be transferred to the new agency. Of the three alternatives, this was the one most favored by the group. Traditionally, the Bureau of the Budget had been a strong defender of merit principles. In the Spring of 1961 it was caught by pulls in different directions: merit principles, a perceived need to eliminate some of the weaker employees, and a possible White House or even Presidential desire for reduction-in-force.

The Task Force Steering Group in an early April meeting decided that a new agency should be created and existing ones abolished, and this made it possible to consider the BOB memorandum's third alternative seriously. However, Gant bided his time. He was not at all sure that a major reduction-in-force was desirable, and in any event he felt that a regular personnel system should be flexible enough so that it could provide for the elimination of weak or incompetent employees as a regular matter. There were others who sided with him in shying away from or opposing a reduction-in-force. Many of those long associated with ICA and the DLF did so. The leaders of the Task Force, John Bell and Harry Labouisse, had no positive enthusiasm for a reduction-in-force, although at first they accepted its inevitability. John Bell felt that much of the criticism that had been heaped upon ICA and foreign aid was necessary for political purposes, for the establishment of new aid policies, and for obtaining a higher level of dollar support for the program, but that relatively modest changes in organization were needed and little change in personnel, except in positions of leadership. In the course

of the several months that he had been ICA Director, Labouisse had come to be closer and closer to some of its personnel, and he felt that most of them were doing a very creditable job. Deliberate and taking the long view, he thought that there would be adequate opportunity in the new organization to appoint capable people through regular means. By late April it was apparent to Gant that there was some latent support for no reduction-in-force even within the Task Force. The main uncertainty was what position the White House would take.

The Mitchell-Fowler report which was completed on April 29th bolstered Gant's position against a Stassenization or other special procedure to eliminate unwanted employees. The argument was simple. The only authority needed from Congress was to transfer employees from existing agencies to the new foreign aid agency. For the rest, regular Civil Service procedures would be adequate. There was flexibility within existing authority, the report pointed out. Nearly 30 percent of the field staff of ICA was on probationary appointments, not having 30 months of service yet; normal personnel attrition ran from 20 to 30 percent a year; a number of employees were on loan from other agencies and could return to them. For qualified employees no longer needed, a placement-out program could facilitate their finding other suitable posts. For eliminating marginal employees, the Civil Service Commission was prepared to help the agency through regular procedures, and these should be adequate.

To request special legislative authority to terminate employees outside normally accepted rules would, we believe, do three things:

1. Encourage pressure for political appointments;
2. Make for disruptive morale among existing staff . . .;
3. Discourage high-quality personnel from seeking employment with the aid agency.

With a single addition, the conclusions of the Mitchell-Fowler report in this area were incorporated word for word into the presentation volume by Gant, Barrett, and Ball. This was true from the first through

the third revisions of the presentation volume, but thereafter the material was considerably condensed and rewritten in the words of Gant and his staff, but the substance was not changed. One addition was made. There was no selection-out procedure for marginal foreign service reserve officers such as there was for foreign service officers or those under civil service. For some time Grady and many other in ICA had recommended that this peculiar missing link be supplied. Since Gant was not able to go along with the immediately integrated service recommended by Mitchell and Fowler, he proposed that this missing element be supplied in the legislation, and a provision to this effect was inserted in the draft legislation without debate.

The provisions for transfer and termination or selection out were the subject of part of a special memorandum prepared for the May 5th meeting of the informal TFSG meeting. Essentially, the memorandum presented the arguments and language of the Mitchell-Fowler report at length. At the meeting, Gant argued vigorously for not using special authority for selecting out personnel as had been done in 1953. True, it was simple, the Civil Service Commission would be out of the way if that were done, undesirables could be eliminated, and the new agency could be given freedom to hire new persons as great as its freedom to purge itself of unwanted personnel. To rely upon existing procedures might mean that some undesirable employees would remain, especially in the short run. However, the unfavorable aspects greatly outweighed these considerations. First of all, special authority to select out employees would result in bad morale even among qualified employees; it would bring bad publicity, threaten the career service, and reflect on the capability of career employees. It would also bring great pressure on the agency head so that he might not be as effective in the future as he otherwise could be. To use existing reduction-in-force procedures was the sound and prudent thing

to do, would help build good morale, and would present the Democrats with the political argument that they were better than the Republicans had been in 1953.

Gant found much support at the meeting. Labouisse, loyal to ICA personnel in general and impressed by their capability in most instances, cast his lot for using regular procedures. He felt that should he become the permanent director that he could work with most of the existing personnel reasonably well; therefore, to raise the specter of Stassenization was undesirable. John Bell also supported the regular procedures on the two-fold ground that not to do so would impair morale and that in any event special procedures were unnecessary. There would be enough flexibility so that the new Administration would have adequate scope for its appointees. As it turned out, there was no Task Force split on the issue whatsoever.

The position of the Bureau of the Budget and the Civil Service Commission was predictable. Both supported regular procedures. While the Civil Service Commission was not directly involved in the Task Force work, it had been indirectly involved through Mitchell, and it was one of the agencies that would be reviewing the proposed legislation before it was submitted to Congress. Its possible reactions had to be given weight. The position of the White House was less subject to accurate prediction. Actually, there was some uncertainty within the White House, but neither Ralph Dungan or any other member of the White House staff felt that special procedures were so desirable or necessary that a White House or Presidential reversal of the opinions of the Task Force was called for. In fact, Dungan quite agreed that existing procedures could be satisfactory if used vigorously. Yet whether they would be satisfactory would depend upon the permanent administrator, and the vigor with which he approached his assignment. Gradually, the feeling grew that Labouisse

would not take maximum advantage of his powers, and therefore the implementation of the reorganization might not be as thorough as would be desirable and needed. Thus one of the unintended consequences of Gant's successful challenge of the assumption that special provisions for removing personnel would be included in the proposed legislation was to further weaken the case for Labouisse as permanent Administrator.

The President sent the proposed authorizing legislation to Congress on May 26th. The same day Labouisse sent a reassuring cable to all field missions. After outlining some of the recommendations, he assured the field that in regard to personnel transfers there was nothing new included in the proposed legislation except for additional discretionary authority in regard to top key Washington officers. In any event, he reported, no changes in organization or staff would be made until after the passage of enabling legislation.

Program, Budget, and Control. A positive, program-oriented approach to organization can be applied to more than offices of personnel administration and personnel policies. Central to management are program, budget, and financial controls. They can be unified in a single office with a program orientation, or they can be divided, with separate program and controlling offices, the former being the more positive element, the latter the negative keep-out-of trouble portion. On an a priori basis, those having a positive approach to management tend to prefer the former system, those having a stricter concept of management, emphasizing control, prefer the latter. ICA had followed the latter pattern, with a Deputy Director for Program and Planning in charge of planning, program coordination, and Congressional presentation, and separately, a Controller under the Deputy Director for Management. In addition, Congress had created a third unit, the Office of Inspector General and Comptroller for Mutual Security, which was placed in the Department of State outside ICA in order

to be an independent watchdog. Part of the job of this office was also evaluation of the foreign aid program. In addition, ICA engaged in program evaluation through the Technical Assistance Study Group and other units.

Gant's approach to management was to see program, budget, and finance as an interrelated package, designed to implement the objectives of an organization as fully as possible at the same time it helped an agency to remain financially responsible and accountable. Evaluation was an integral part of all administration, and thus no separate evaluation unit was necessary. Each major administrative element had to engage in evaluation of its part of the program continually, he believed, and over-all evaluation would in turn be carried out by the higher part of the organization.

In the spring of 1961, there was considerable agitation within ICA and State to give the new agency a strong voice in evaluation and control of its program whether the separate Inspector General's Office remained or not. Grady pushed hard for what he called "comprehensive self-evaluation" in the new agency, for example. In some ways, the issue of the Inspector General's office was more prominent than the problems of reorganization associated with some of the other aspects of management because Congress, having established the office, would scrutinize carefully any proposal to eliminate it. If the proposed authorizing legislation was silent on the point, Congressional committees were certain to bring it up in the hearings. Thus it was no surprise on April 12th when John Rehm asked Gant for a quick reply to whether a separate provision relating to the Inspector General and Comptroller was to be included in the draft authorizing legislation.

In the three weeks between Rehm's memorandum and the presentation of his initial recommendations on the subject, Gant structured the several

issues of program, budget, and finance in order of priority. The question of the Inspector and Comptroller General seemed to take precedence; it was an issue involving the external relations of the aid agency. The second step was to decide on the separating or combining of program, budget, and control functions within the agency. A third issue of lesser importance was that of evaluation and its placement in the organization. As it turned out, structuring the priority of the issues in this manner helped determine the solutions that were recommended. Gant was favorable to a strong, unified office for program, budget, and finance functions. It accorded with his program orientation to management and it dovetailed with the recommendations in personnel that he was developing. In addition, his working party under the direction of Karney Brasfield, former Assistant Comptroller-General of the United States, began to go in the same direction. By the time its report was issued on Saturday, April 29th, the working party had clearly delineated a position on all three major items of priority, in addition to sketching suggested requirements for the entire financial management function. The decisions on the first two items were combined: centralize the functions of the Inspector General and Comptroller and of the service aspects of program, budget, and finance controls in the controller's office within the foreign aid agency:

We believe responsibility for the functions of accounting, budgeting, auditing, and liaison with outsiders involved in the financial management area should be assigned to a Controller in the new agency's headquarters and the USOM Controllers.

Then the report specifically spelled out the procedure by which this could be accomplished. It recommended that:

A. The Administrator reserve to himself the major decisions, both program and administrative, particularly as between competing demands of regional areas.

B. Based upon guidance from the Administrator (in the formulation process) or an approved financial plan (in the execution process) the regional directors and USOM directors carry forward formulation and execution of the budget within their own sphere of responsibility, both program and administrative.

C. The role of the Controller be that of carrying out technical, service, and coordinating responsibilities.

Here was clearly a proposal that gave to the line units of the new agency the maximum program and budget authority possible. It gave to the Controller's office primarily the task of assisting the line units in their undertakings. In contrast, the Biren working party report to Gant included a recommendation for both a Controller's office and one for program coordination.

In regard to program evaluation, Brasfield report simply observed, "We do not believe that a permanent program evaluation group would be necessary." However, there was the problem of Congressional concern in regard to evaluation as well as investigation:

It seems apparent that unless the Administrator of the new agency provides for this function on an in-house basis, external pressures may develop for program evaluation to be accomplished by a group outside the agency. The use of ad hoc groups . . . appears to be an appropriate and desirable solution . . . .

The position of the Brasfield working party was an appealing one to Gant. However, as Gant began to have more of a feel of the political climate surrounding foreign aid reorganization, he began to have his doubts. He and others of the Task Force tended to favor eliminating the Inspector and Comptroller General if at all possible, since the ICG's position outside the agency was potentially very bothersome to the smooth running of the foreign aid program. At the same time, if such an office were to be abolished, Congress would insist at a minimum that there be a watchdog unit in the agency to help assure that the program was being managed financially as beyond reproach as possible. The strong emphasis on the watchdog function seemed to preclude a more positive program role for a controller's office. In his preliminary memorandum to the informal TFSG on April 25th, Gant had listed six staff services, one of them being "financial" and another being "budget and program coordination and presentation." While there had been no indication that he was going to

recommend separate offices to perform each service, it had been apparent that the two functions had not been melded together in his mind.

The Sunday session on April 30th of Gant, Barrett, and Ball resulted in a recommendation for elimination of the Inspector General and Comptroller's office and a set of two offices within the aid agency, namely, a Program Review and Coordination Staff and an Office of Controller. Thus internally, the ICA pattern had been recommended:

The Program Review and Coordination Staff will assist the Administrator in the formulation and presentation of the agency's program policies and budget and in the allocation of funds among the various elements of the organization . . . .

The Controller will be the Agency's principal fiscal officer. He will be responsible for providing standards, controls, and services in accounting, audit, budget, and investigative operations . . . .

The former was a positive program function, the latter more a negative control responsibility. Gant had decided that to recommend two separate offices was the only feasible alternative given the Congressional feeling toward the necessity of a watchdog unit, and given the desirability of abolishing the Inspector General and Comptroller's office and bringing within the agency all financial functions. If there was to be any possibility of Congress accepting the recommendation concerning the Inspector General and Comptroller, a separate Controller's office would be necessary to serve as a quasi-independent check on the program units of the aid agency, in place of the kind of check that the IGC was supposed to exercise over ICA. A compromise with political expediency had been struck.

Given the precedent of the organization of ICA and the apparent desirability of equipping the Administrator of the agency with a program-planning staff arm, there was no objection by the informal TFSG to Gant's proposal for a separate Program Review and Coordination Staff. The recommendation to abolish the office of Inspector General and Controller for Mutual Security in the Department of State was more controversial, although the arguments for keeping it were entirely based on political judgments.

Because no one on the informal TFSG had real enthusiasm for the office, its elimination was approved. The proposed draft legislation made no provision for the establishment of such an office in connection with the new aid agency. While the informal TFSG did not particularly share Gant's priorities among the issues at stake, it arrived at the same conclusion by a different process.

To strengthen the case for the Task Force recommendations, Gant and his staff added three sections to the end of the organization and administration part of the presentation volume in the fourth revision on May 16th. One was on program formulation and control, a second was on financial management, and a third on program evaluation. The theme was on control, not program implementation as the writers would have preferred. Particularly emphasized was control by Congress, and how it was furthered by the proposed organization. On program formulation and control there was this assurance:

In addition to providing the Administrator with the necessary control of Agency activities, the country programs will support the Agency's budget and thereby provide the necessary controls for the President and the Congress.

As to financial management, the presentation volume explained:

The Controller will report directly to the Administrator and will provide him with an independent judgment on efficiency, economy, and integrity of operations.

In regard to program evaluation, Gant had followed his original feeling that the several parts of the organization should each be responsible for evaluation. He pointed out in the presentation volume draft of May 16th:

It is essential that the Administrator have the capability to assess periodically the substantive quality of progress made and results achieved under the various programs of the Agency. Several parts of the organization will participate in the evaluation process.

He went on to explain that the regional assistant administrators, the Office of Development Research and Assistance, and the Office of Personnel Administration would all have important functions of evaluation.

In this form, the proposed presentation section on organization and administration was approved by the White House on the 17th. All that remained was to tighten the language a bit for the final draft, including the elimination of part of a sentence that had given certain budget functions to the Controller's office which were more properly the province of the Program Review and Coordination Staff --- perhaps an unintentional reference to a system that the drafters of the presentation volume would have preferred to see.

There was little subsequent criticism of the Gant proposals before they were presented to Congress. A number of persons expressed skepticism that Congress would accept them, especially the decision on the Inspector General and Comptroller. However, even Grady went along with most of the proposals in his memorandum to Gant on May 16th. Grady explained that although he would prefer to see the Controller under a deputy administrator for management,

. . . there are persuasive arguments in favor of having him responsible directly to the head of the agency. The best argument, perhaps, is that the Appropriations Committee of the Congress may prefer such an arrangement. If your assessment of the present shortcomings in the E.A. organization includes the judgment that the Controller does not have sufficiently strong voice in the affairs of the agency, then clearly placement at a higher level is warranted.

The major area of disagreement between Grady and Gant in the program, budget, and control area was in regard to evaluation. Criticizing the several different offices that had evaluation functions, Grady argues that responsibility for evaluation should be centralized in one office. "I believe such an office is essential as it would make one official primarily responsible for all facets of program, personnel, and implementation evaluation." To Gant's way of thinking, this was another example of administrative centralization without sufficient reason; he preferred a system of evaluation more related to the program units. Gant did not modify his recommendations, and the material went to Congress

unchanged.

Office of Management Services. After the General Counsel, the Controller, and the Office of Personnel Administration were identified and described, Gant, Barrett, and Ball found a need for a fourth management staff office to provide certain administrative services such as systems and procedures analysis, office services and paperwork management, automatic data processing, statistical analysis and reporting, procurement, supply and property management, and space and utilities management. They proposed placing these miscellaneous functions in an office of General Services in the early drafts of the Congressional presentation volume. After certain additional functions that had originally been allocated for such an office were transferred instead to the Office of Commodity Assistance in the May 17th draft, they decided to rename the unit and in the volume presented to Congress the title Office of Management Services was used (see Charts 13 and 14). This proposed office was rather noncontroversial in most respects. True, some of Gant's most severe critics labeled it a hodge-podge, without rhyme or reason. In truth, it was an office that had the management services that were left after the other three management staff offices had been thought through. The critics did not see a clear demarcation between the responsibilities of this office and some of the responsibilities assigned to the regional bureaus and the Office of Personnel Administration; the presentation material was admittedly brief and incomplete on this point. Most of the fire was concentrated on two other proposed functions of the Office of Management Services, namely, responsibilities in regard to participant training and those related to contracting. These functions gave the Office all the more character of a dumping-ground for miscellaneous activities.

The training of foreign nationals in the United States was officially called participant training by ICA. Participant training proved to be of

special interest to many persons as the Organization and Administration Group carried out its work. Furthermore, it was quite a complex aspect of ICA's work. To a large extent this was true because of the many ways in which it was being handled by ICA at that time: partly through a central office, partly through the technical service offices, partly through agreements with the regular domestic agencies of government, and partly through contracts with universities and private groups. Thus many organizations and individuals were concerned with participant training activities, and to the extent that any of them came into contact with Gant's group, they were more than passingly interested in the subject.

Still, there was nothing in the early weeks of Gant's work to predict that this would be the outcome. None of the discussions of the Task Force Steering Group centered on participant training. The senior members of the Task Force were not especially concerned with it. It required no provisions in the proposed authorizing legislation. The attention of neither the Bureau of the Budget nor the White House was focused on it at any time. Initially, Gant did little thinking about the problem of how to handle participant training. However, given his experience with the Ford Foundation, he felt that the training of foreign nationals was something that the regular domestic agencies of government along with contractors could do for the aid agency, rather than having the aid agency carry out such training directly. Still, the ICA program was huge; some 7,000 participants came to the United States each year.

Much the same kind of situation prevailed with contracting. There was little concern about it within the normal councils of the Task Force the closely related agencies, except in a few circles within ICA. The contractors themselves were highly interested in it, but they were not greatly influential within the Task Force, except possibly through the Program Development Group and Max Millikan and his associates, especially

Everett Hagen and Samuel Hayes. Again, Gant had a tendency to want to see the contracting device used extensively, just as it was in the Ford Foundation, since it would give the operations of the aid agency considerable flexibility and would tap additional sources of qualified personnel. ICA already used contracting to an important extent. Of approximately 5200 Americans serving abroad under ICA financing, 2800 were ICA employees, 1800 were contract employees, and 500 were technicians borrowed from other government agencies.

The first concern in the Organization and Administration Group over participant training was evidenced in Toner's working party. John Corcoran of Public Administration Service had been asked to study the technical services, and quite naturally he became involved in participant training because the technical services of ICA were responsible for some of it. In the course of his enquiry, he found the services of James Victory, Director of the ICA Office of Participant Training, of great assistance. The latter supplied various charts and data.

Victory became progressively more and more concerned about what recommendations might stem from the Task Force in regard to participant training. Consequently, quite independently he prepared a report on various phases of the subject, and transmitted it to Corcoran, Gant, and others on Wednesday, April 26th. It rather fully reviewed the existing participant program, its scope and complexity. Among the shortcomings described were that the program was diffused throughout various parts of the agency and even spread to several other government agencies, was lacking in status or recognition, and was one that often had poor relations with colleges and universities that did much of the training. It was, after all, the major operating function of ICA in Washington.

The recommendations clearly followed:

(1) All offices and personnel primarily concerned with participant

training activities should be centralized and organized in one major organizational office under a single director possessed of the status and authority to direct the operation in all its aspects . . . .

(2) All placements of participants on an enrolled or special contractual basis in American academic institutions, whether for undergraduate or graduate study, should be directly handled by the new foreign aid agency itself and be administered by one single unit within the recommended centralized office of participant training.

The latter recommendation meant that the regular domestic agencies of government such as the United States Department of Agriculture would not be given authority to engage in such placements under ICA financial agreements.

Two days later, on Friday, Corcoran submitted his report. It went in the same direction up to a point since it called for concentrating in a single office all the participant training activities and contacts with colleges and universities in regard to participant study programs. However, rather than making the office a separate, prestigious unit apart from other parts of the agency, Corcoran suggested that it be one of the divisions of a new Office of Technical Resources, which would also include the several technical services.

The Biren working party report proposed a third course of action. It suggested that the participant function be split up among the four regional bureaus, consistent with the strong regional type of organization Gant was trying to evolve.

Thus Gant, Barrett, and Ball had three alternatives suggested to them before they met on April 30th to May 2nd to work on the presentation volume draft and a basic organization chart: a separate, more powerful office of participant training; participant training centralized in the technical resources office (the nearest equivalent being the Office of Development Research and Assistance in Gant's organization of May 5th); and participant training as part of the four regions. They chose none

of them. Instead, they tentatively placed participant training in the Office of General Services, a management unit -- later to be called the Office of Management Services. The decision was so peripheral to their work during those three days that they had no time to think the matter through. The only reference to participant training in the first revised draft of the presentation volume was the simple term "participant training" listed as one of the office's functions; no further explanation was given.

The reason for the recommendation was clear at least in part. Two of the three recommendations made to them were clearly unacceptable to the three men. The Office of Development Research and Assistance was not supposed to be an operational unit, and furthermore Gant wanted to make sure that the technical services would never rise to a position of major influence again. Therefore, Corcoran's suggestion was out. Victory's recommendation was also clearly not acceptable, since Gant was trying to keep the number of major organizational units down as much as possible, and he did not consider participant training important enough for separate organizational status. The major decision facing the three men was whether participant training should be attached to the regional offices or whether it should be placed under the catch-all management office. In the end, a marginal decision was made in favor of centralizing responsibility for participant training in the Office of General Services. The feeling of the three men was that to split participant training into four regional parts would not be logical since the training of personnel from all regions was heavily professional and in similar fields. Furthermore, Gant was determined to keep a consistent philosophy in connection with the regional offices, and since these offices were not to be operational, it would be better to put participant training in the catch-all unit management unit.

The discussions of Gant, Barrett, and Ball with working party personnel on the 3rd and 4th produced varied reactions to the tentative proposal. Both William Sheppard and Joseph Toner, two of the working party chairmen, were agreed on one thing: participant training should not be placed in the regions. To Gant, this meant confirmation of the only other alternative acceptable to him.

The informal TFSG meeting on May 5th was attended by D. A. Fitzgerald, the Deputy Director for Operations of ICA and the person Labouisse had selected to run ICA during the period of the Task Force. After taking a quick look at the proposed organization, he commented, "I see you've centralized participant training." He was opposed. More broadly, he felt that Gant had been unaware of the significance of the participant training function. The scope and complexity of participant training illustrated this significance. To place the function in a division of a catch-all Office of General Services was to fail to give it the recognition it so badly needed. At the same time, Fitzgerald felt that the technical services, which he also defended, should play a role in participant training. Thus he was against the proposal of the Gant group for two reasons -- centralization and placing participant training at a low level in the hierarchy. The issue was not joined at the meeting, however. Other persons present were not especially interested in the issue. Nor was it joined at any time later; there was no occasion to do so.

It was not until the fourth revised draft of the presentation material on May 16th that a further explanation of participant training appeared. The Office of General Services, it was explained, would provide the regional bureaus with support and service in a few areas. "These include participant training, where the Office will perform the ministerial functions associated with the transportation and personal arrangements for foreign

trainees . . . ." The concept was apparently that the actual training would be done outside AID -- in the regular domestic agencies and in regular colleges and universities.

As for contracting, little systematic thought was given to it before the presentation to Congress began. Various working parties got into pieces of the subject, but centrally it was technically assigned to Gant's working party number 7, which was never launched. The paper prepared for Gant by John Only of ICA discussed the usefulness of utilizing private associations, corporations, professional groups, universities, foundations, and state and local governments in the foreign aid program, but carried no recommendations. In addition, one of the consultants of the Coffin group prepared a 15-page memorandum on "Respective Roles for Direct Hire Personnel and Contract Services in Overseas Aid Mission Arising out of Proposed New Programs." It was never the subject of discussion of the Program Development Group, and Gant merely received a copy and filed it away for future reference. The interest of Coffin's group in this topic was only natural, since among its regular consultants at least four -- Millikan of MIT, William B. Dale of the Stanford Research Institute, Samuel P. Hayes of the University of Michigan and the Foundation for Human Behavior, and Everett Hagen of MIT -- had written or previously spoken out on the topic or participated in ICA contracts. Gant's team had no comparable individuals with the exception of Corcoran. Decisions on personnel ceilings for the agency as a whole thus had to be made without the benefit of detailed consideration of alternative ways of carrying out the aid and assistance function, and consequently, the arguments of the school of thought favoring much more of the aid function being farmed out to groups outside of the aid agency were not fully considered. Furthermore, the structuring of the contracting function within AID was never examined in detail.

Two of the working party reports contained detailed recommendations on contracting. Biren's report included contracting as a function of the regional offices, as was logical given the regional type of organization he was trying to sketch out. Corcoran placed contracting within each of the technical services divisions of his proposed Office of Technical Resources. A third alternative was represented in the views of the ICA Office of Contract Relations, whose personnel were vigorous defenders of a centralized contract office.

Gant and his associates found it easy to reject both the Corcoran and contract office suggestions for familiar reasons: their anti-technical services and anti-administrative centralization attitudes. The Biren plan was appealing because it fit into a regional emphasis.

The initial drafts of the presentation material did not mention the subject of contracting except in passing in connection with several of the offices. Most significantly, the regional offices were described as units that would have specialists in contracting operations. By implication, the Office of Development Research and Assistance would, also, and the Office of General Services would contract for the management offices. No provision for a central contracts office or for agency-wide contract standards was made.

After the "Congress" meeting on May 9th at which the Gant proposals were explained to a large group, including many ICA personnel, those most familiar with contract work began to insist that contracting could not be decentralized in this fashion without some measure of central standards and/or controls. Those in charge of the Office of Contract Relations of ICA were especially vigorous in expressing their views. Gant and Barrett could see that some measure of central coordination of contracting was desirable, as long as it did not hamper the program units or take away their legitimate authority. Therefore, in the fourth revised draft on

May 16th, another specialized technical area in which the Office of General Services was to provide the regional bureaus with support and advice was contract administration: "The Office will provide a focal point for the development of standardized contract processes . . . ." The essential pattern of decentralization of contracting remained, however.

There were few who wanted to object to these recommendations and no way to do so effectively. The contractors were not in on the matter and their opinions were not solicited at this point. ICA personnel who wanted to change the contracting recommendations had no mechanism to use. However, Fitzgerald, Grady, and the Director of the Office of Contract Relations all felt that they might affect the course of the recommendations concerning contracting in the future, after the Gant group had disbanded.

Grady went ahead to indicate his objections to both the contracting and participant training program proposals, at least for the record, and also in order to form a base for counter-action for the future. In his memorandum to Gant on May 16th, Grady was exceedingly critical of the Office of General Services:

The management rationale underlying the clustering of the several specified functions into this one office is not readily apparent to me. There are certain issues which your proposal for this office creates, especially in view of the arrangements you propose for other organizational entities in your plan.

The inclusion in this office of the function of participant training for the agency as a whole appears to be inconsistent with the provision made for contract services. I believe that both participant training and the contracting function should be centralized. The real problem is to make them more quickly responsive to the operating requirements of the Regional Bureaus than has been true in the past. If one of the offices were to be fragmented, logic would call for it to be the Office of Participant Training . . . .

Inadequate agency performance in contracting . . . , recently much improved, is not by any means the total fault of the Contract Office. It is rather the past failure of the General Counsel, the Contract Office, and the Operations offices to develop a meaningful liaison in this important effort; to correct deficiencies with

dispatch; to identify and acknowledge responsibility for failure; and to assign specific responsibility and concomitant authority to one or another of the units involved.

In a memorandum to Lavouisse on May 25th he repeated his recommendation that both participant training and contracting be centralized.

The Office of Participant Training registered its objection to the proposals affecting its program, also. At the end of May, it issued a report by David Tilson, the assistant director. It once again analyzed the participant training program and its needs and concluded:

A centralized office accorded inadequate recognition and status will not suffice . . . . It should be placed on the same level as the three program and four staff offices in AID. Its director should attend the executive staff meetings of the Agency.

He criticized the pending proposal as burying the function in the Office of Management Services. Only high status will make it possible for the participant training unit to marshal outside resources for the program, he concluded.

The objections were in the record, but they did not affect the content of the presentation volume.

Congressional Liaison. One further issue had to be met, although it did not consume a great deal of the time of the Organization and Administration Group. The dual functions of information to the public and relations with Congress that have to be provided in some manner in every government agency. Gant, Barrett, and Ball had come up in the first revised draft of the presentation material on May 2nd with an Information Staff that would handle such matters. In regard to Congressional liaison, they had stated that the Information Staff:

. . . will serve as the primary channel for obtaining and transmitting replies to Congressional correspondence and inquiries, with two exceptions; program matters will be reserved to the Program Review and Coordination Staff, and legislative clearance matters will be reserved to the General Counsel.

Once again, Gant and his associates had gone in a direction contrary to that advocated by Grady. Grady had been concerned for more than a year

over the poor relations between ICA and the Congress. He felt that a much larger office for Congressional relations should be established that could handle these matters on a truly professional basis. ICA merely had a small office of four persons handling only a part of these responsibilities.

Grady extended his argument at some length in his memorandum to Gant on May 16th. In ICA,

The three principal facets of Congressional relations -- presentation, response to investigations, and day-to-day liaison -- have not been combined in a strong office responsible to a single high-level official. Such an arrangement is considered essential in many federal agencies; it is paramount in this and the proposed new agency.

He then turned to Gant's recommendations:

Your paper does not propose the establishment of such an office. In my view, creation of such an office warrants the most careful consideration. The DD/M(Deputy Director of Management Office) rationale for such an office was developed and forwarded to the former ICA Director on May 31, 1960. The proposal is attached for your consideration.

He reaffirmed his position in the memorandum to Labouisse on May 25th.

Gant did not buy the line of reasoning presented by Grady. It was inconsistent with his concept of the function of the Program Coordination and Review Staff, and in any event, he was not at all sure that Congress would find such a large, separate office palatable. However, in one small way Grady did help to influence the final outcome of the Gant proposals. While failing to change the responsibilities of the Information Staff in any way, in the final presentation to Congress the name of the unit was at least altered. It became the Information and Congressional Liaison Staff.

Relations with Other Agencies. Throughout his work, Gant was in contact with many of the regular domestic agencies of the government. Food for Peace required contacts by Gant with the Department of Agriculture, the development finance area had brought him into touch with the

Treasury, personnel problems touched the Civil Service Commission, and so on. Still, there was one subject concerning which relatively few contacts were made with other agencies.

Over the years, the regular domestic agencies of government had played a greater or lesser role in participant training and in sending technicians abroad depending upon the swings in policy of the aid agency. At some points in time the principal aid agency had taken all onto itself; at other times, the domestic agencies had much of the initiative. ICA had steered a course with a substantial emphasis on carrying out its own program.

With the coming of the new Administration in January 1961, the President's major appointments to cabinet and other posts were of men who had a strong interest in the international aspects of their work. One by one the international divisions or other units of their agencies were strengthened, and they selected staff aides for this aspect of their work. With the onset of a new Administration, there were many things to do, and at first the new officials of the regular domestic agencies were not very specific as to their desires as far as the new aid agency was concerned. They favored more participation by their agencies in foreign aid, but this general expression was not given particular meaning.

Meanwhile Gant and his group became more and more committed to the idea of a separate aid agency, making use of the various resources of the country, including regular domestic government agencies, private groups, and others, as well as direct hire. Gant had had no time to follow through on his original idea that perhaps the new aid agency could greatly reduce its personnel by utilizing such sources of talent as these. Since within the Task Force group he had reserved to himself the relations with the several agencies of the government, no working party devoted

itself to this topic.

The various interested domestic agencies had been represented in the large Task Force Steering Group, but they were not effectively represented in Task Force decisions after the TFSG disappeared from the scene as an effective force. While they had thus been excluded from the immediate Task Force environment, they could not be excluded from White House or Bureau of the Budget circles. The proposed authorizing legislation would be circularized by the latter to all interested agencies. In addition, officials of cabinet rank had to be reckoned with by the White House staff -- and, if they were not satisfied there, they could easily appeal to the President.

The issue of the aid agency's relations with the regular domestic agencies of government was not uppermost in the minds of Gant, Barrett, and Ball as they formulated their recommendations on April 30th-May 2nd. There was no specific mention of the role of other departments in extending foreign aid in the presentation volume material they prepared. As the first two weeks of May evolved, there was opportunity for Gant and his colleagues to fill in missing items in the presentation draft.

Furthermore by this time three other developments were having their effect. First, the regular agencies had finally began to clarify their demands. Led by Agriculture, Commerce, and Health, Education, and Welfare, they not only expressed an interest in greater participation, but they also were no longer satisfied with just a ministerial role. They wanted to be in on the planning and formulation of the program of the aid agency. Secondly ICA and the yet-to-be formed aid agency were in a very weak position to defend themselves. There was no person of cabinet rank in ICA who could present its point of view. Even at a lower rank, its director was only temporary. Thirdly, Gant's proposals were by now general knowledge. The demise of the technical services left

the regular domestic agencies as the sole powerful representatives of the various professional groups involved in the domestic activities of government such as agriculture, health, and education. They thus were in a position more powerful than ever before.

These factors combined to lead Gant to insert in the fourth revised version of the presentation material some three paragraphs on the relationships of AID with other federal agencies.

The Agency for International Development will combine in one agency the major existing agencies and programs of foreign assistance and integrate in one operation the major tools of assistance . . . .

This organization for foreign assistance is in contrast to the alternative of authorizing a variety of departments and agencies to plan and conduct overseas development programs along functional lines . . . . In order to assist countries with their own programs of development, AID must be able to determine and provide the amounts and kinds of assistance in combinations of loans and grants, commodities and technical assistance to get the best results.

There was no doubt that Gant's devotion to a single agency had priority over his concern with involving other government departments. He was opposed to other federal agencies having program or policy control of foreign aid. However, AID would seek the advice of the domestic departments in relevant fields, the draft reported. And it would utilize the services, experts, and technicians of such agencies on a reimbursable basis in carrying out its program, just as it would the services and personnel of private groups and state agencies.

Such a statement did nothing to satisfy the nascent desires of the domestic agencies. It confirmed their fears that AID would simply ask them to perform ministerial tasks if and when the mood struck it. Furthermore, another provision of the fourth revised draft and a part of the proposed authorizing legislation alarmed them still further. The bill included language to free the President to delegate to AID rather than to the Department of Health, Education, and Welfare, his authority

to provide assistance in health research under the International Health Research Act. HEW was furious at this proposal and registered its objection in strong language both to the Bureau of the Budget and to the White House. At the White House meeting on May 17th, this provision was eliminated as a result. In addition, Gant was forced to tone down some of the language in the presentation material. The paragraph beginning "This organization for foreign assistance is in contrast to the alternative . . ." was eliminated entirely and more soothing and more general language added:

This combined and integrated approach to international development will bring the several aspects of assistance into focus at the points it is needed and can be used best and it will avoid the confusion and inefficiency of multiple planning, representation, and operations.

Superficially, at least, there was nothing new in the Gant proposals. The official policy of maximum use of the regular domestic departments in foreign aid was merely reaffirmed. Since the agencies felt ICA had not in fact carried such a policy out and since they wished to be involved in planning and program determination as well as to be "utilized," they were unhappy. Day by day they became more vocal. On May 19th, Gant saw the Under Secretary of Labor who outlined the position of his department relative to an expanded role. He also received a memorandum from the Department of Commerce on enlarging its role.

The Bureau of the Budget received a series of comments from the various interested departments when it sent out the proposed authorizing legislation for clearance on May 8th and again on May 22nd. The Department of Agriculture was especially adamant on its participation, but Commerce and others joined the chorus. The gist of the comments was rather concisely put by Commerce which simply said that it wanted to be more active in foreign aid activities in the future and that it assumed that the level of such participation and its nature would be determined

later.

The bureau clearly supported Gant in the controversy, and the White House also wanted a strong aid agency. Nevertheless, the issue had not been settled, but only postponed. Gant marked it for early action as "Phase II" of his plan, the transitional phase looking toward implementation, got underway.

Deputies. As Gant, Barrett, and Ball conceived the organization on April 30th-May 2nd, there were some fourteen major units to be in the new aid agency: four regional bureaus, three functional or program offices, four management offices, and three staff units (see Chart 13). Even before those eventful three days, Gant had been concerned with the manner in which these fourteen offices -- or whatever number was decided upon -- would relate to the Administrator. The extremes were obvious: There could be four deputy administrators, one for each of the four main types of units, or there could be a single general-purpose deputy with all twelve units reporting to him (and the Administrator). If ICA practices were followed, at least three deputies would be recommended -- one for regions, one for functions or program, and one for management.

The superstructure problem was obviously one that Gant would have to handle, and so he asked Professor Wallace Sayre of Columbia in mid-April if he would produce a report on it. Sayre reported that he was too committed, but would be glad to serve as an occasional consultant on the matter. Eventually, the working party report fell to Robert Biren, ICA Director of the Office of Management Planning. Biren, a professional public administrator and a staff man who was skilled at completing an assignment in a manner that his superiors desired, began his task but soon came to feel that he could not tackle the super-structure problem without knowing what the major units in the organization were. He therefore broadened his assignment on his own initiative and came up

with a master over-all plan. He was aided in doing so by being Director of Management Planning and also by having followed the Blue Book proposal for reorganization of the previous February and March rather closely.

Biren studied the ideas of Gant closely, since he wanted to come up with a plan that would be acceptable to him. He particularly took note of four of Gant's major preferences: a regional emphasis, a strong and enlarged personnel office, weak technical services, and a single general-purpose deputy. In his report to Gant on April 28th, Biren recommended fourteen principal organizational units within the aid agency -- in major respects, the same fourteen that Gant and his colleagues came up with the next few days. He also recommended only one deputy, a general-purpose official. The similarity between the Biren report and the ultimate Gant recommendations did not hold up in regard to a number of details within the fourteen units. Nor did the Biren report play any major part in the discussions of Gant, Barrett, and Ball during April 30th-May 2nd. However, the report was clear testimony to the fact that Gant had laid down certain concepts which, if followed, led to a rather identifiable set of conclusions. More than the other working party chairmen, Biren tried to do a staff job for Gant faithful in all respects to the organizational concepts of the Director of the Organization and Administration Group.

Gant had made no secret of his desire for a single deputy. In the memorandum prepared for the informal TFSG meeting on April 25th, Gant had referred to "The Administrator, and his alter ego the Deputy Administrator." No discussion of this point occurred at that time, but in conversation Gant expressed himself more fully to a number of persons connected with the working parties. The Biren report quite naturally went in this direction, but contained no specific justification for it. In this respect, the report failed to do what Gant wanted most, namely, to

work out the rationale for the agency's super-structure.

The discussions of April 30th-May 2nd had implications for both the presentation volume and the proposed authorizing legislation, since the deputy or deputies would in all probability be statutory officials, and such posts would have to be authorized by Congress at least in general terms. Almost all the time of the three men was devoted to thinking through the fourteen major organizational units. They readily agreed that there should be one general-purpose deputy, and no others. Little attention was given the matter of deputies when Barrett and Ball sat down to write the first draft of the presentation volume -- they merely included the deputy by reference: "The Administrator's immediate office will include the Deputy Administrator, . . ." and then the three staff units were listed. No separate justification was made. Similarly, the third draft of the proposed authorizing legislation on May 8th merely provided for one statutory officer at the under secretary level (presumably the Administrator) and one at the deputy under secretary level (presumably the general purpose deputy).

There was some displeasure expressed by a few members of the working parties of the Organization and Administration Group during Wednesday and Thursday, May 3rd and 4th, as the Gant proposals were discussed. Some of them felt that to have fourteen units reporting to a single Administrator and Deputy was going beyond reason in terms of span of control. They were contrasting the proposals with typical ICA practice. The objections were mild, and no group consensus was asked for or received.

On Friday the informal TFSG received the Gant proposals, and the question of the deputies was discussed. Labouisse commented that, in his opinion, one deputy was not enough; there was a need for at least two. He had in mind the possibility of one in charge of operations and program (especially the former) and the other specializing in staff and

management (especially the former). Gant, supported by John Bell, put the case for a single deputy as strongly as possible. The Administrator would need someone to be in general charge not only when he was out of town but also on a more regular basis so that he could devote himself to the larger policy issues and external relations that were so important. The general purpose deputy could solve most of the problems that would come to the Administrator's office from the fourteen major units. Without such a person, the Administrator's burden would be impossibly heavy, since he would either become a bottleneck or spend a large part of his time deciding disputes between parts of the organization. Additional deputies would not be needed, Gant reported, if a clear delegation of responsibility were made to the fourteen units and if directors of them were appointed who could be trusted. The issue was not resolved at the meeting. Labouisse, apparently outnumbered or at least out-discussed, did not rule against the single deputy concept.

The issue was raised once again when the number of statutory positions was discussed by the informal TFSG on May 11th. In the meantime, the large "Congress" meeting had taken place on the 9th, and Grady and others had become outspokenly critical of the whole superstructure, or lack of it, in the Gant presentation material. Again the issue was discussed and again there was no definite decision. Both the fourth and fifth revision of the presentation volume material (May 16th and 17th) provided for a single deputy.

The 17th was a Wednesday, and later that week Labouisse gave a personal final review to the material that was to be included in the presentation volume and the proposed authorizing legislation. As he came across the single deputy provision, he struck it and inserted instead, "The Administrator's immediate office will include two Deputy Administrators, . . ." No additional explanation or rationale was ever inserted.

The fourth legislative draft on May 22nd included the revised section on statutory officers and a proposed authorization for two statutory officers at the deputy under secretary rank.

The post mortems on the deputy issue stressed three factors. One popular interpretation of the action of Labouisse was that he simply did not understand that the Administrator had to have a general purpose deputy if he was to be relieved of a sufficient number of responsibilities to run the agency effectively. In effect, this explanation was implied criticism of both Gant and Labouisse -- Gant for not presenting the idea well enough to be convincing, Labouisse for not seeing the point more clearly.

A second explanation was that at least on this one point Grady, the Deputy Director for Management of ICA, had won over Gant. Grady had become very critical of the proposed AID super-structure, and had spoken to Labouisse about it. His memorandum to George Gant on May 16th included a long section on the superstructure. He pointed out that in his opinion and in the opinion of others, the Deputy Director for Operations of ICA, Fitzgerald, who some time previously had also taken over the responsibilities of the Deputy Director for Technical Services simply was over-burdened. "The span of control of the Deputy Director for Operations is, in my opinion, too broad," - quite apart from the fact that he was also Acting Director for Labouisse. Grady went on:

Under the existing organization of ICA, the Deputy Director for Operations performs a central coordinating role vis-a-vis the four regional offices and continually makes decisions which would otherwise have to go to the Director. These decisions cover a wide range of policy and operational problems . . . .

Under the new plan, decisions on all such matters will now presumably have to be made by the Administrator (or Deputy Administrator). Assuming these are not unrealistic burdens in view of the other heavy demands upon the Office of the Administrator, there would still remain the problem of where and by whom issues . . . will be identified as problems, staffed out and presented to the Administrator for review and decision. Whether or not

the staff mechanisms you have proposed in your plan are adequate organizational devices to meet these needs is by no means clear to me.

Grady's conclusion was that at least three deputies were required -- one for the three functional or program offices, one for the four operational or regional bureaus, and one for the four management units. For some strange reason, no one seriously defended a superstructure whereby the Gant and Grady approaches would be combined -- that is, one in which there would be both a general-purpose deputy and three or four specialized deputies.

Grady's arguments appealed to Labouisse. They seemed to reflect Labouisse's ICA experience in which Fitzgerald, as ICA Deputy Director for Operations, was a central man for coordinating regions and functions. It was quite natural for Labouisse to feel that if a second deputy could be obtained to handle the non-regional, non-functional problems -- especially staff and management issues -- the Administrator's office would be effectively organized.

It was at this point that a third interpretation was offered of the decision of Labouisse to opt for two deputies. The time was at hand when particular persons were being fitted to particular positions in the future AID. If Labouisse stayed, his post was clearly identifiable. If John Bell stayed with AID in Washington, which was quite uncertain, he could fit into the number two post or, alternatively, a deputy for operations position. Gant had no desire to stay with AID and had already indicated both to Dungan and Labouisse his feelings in this regard. If Tannewald stayed, a position in the Department of State was a possibility, perhaps one that would put him in charge of military-economic aid coordination. This left the question of where the services of Frank Coffin could best be used. Labouisse and others highly respected Coffin. Everyone wanted to see him permanently associated with AID. He

was competent, personable, and forceful, and his contacts with Congress were a further asset. For a variety of reasons, he no longer was interested in heading up development financing, even though he still was technically director of the Development Loan Fund. As head of the Program Development Group of the Task Force, he had been in a position of dealing with the agency's outlook or posture in its entirety. Labouisse felt that a second deputy post would provide a suitable position for Coffin, especially if the Program Review and Coordination Staff were placed within his purview.

Each of the three factors played a part in the ultimate decision to create a second deputy position. However, to the very last Gant and Labouisse disagreed on the division of responsibility between the two deputies. Gant, faced with an unfavorable decision, tried to make the most of it in terms of the philosophy of administration behind the new organization. Specifically, he suggested that one of the deputies would be the general-purpose deputy who would be in charge of running the organization. The second deputy in his view was to be in charge of coordinating the work of AID with military aid through the Department of State. Labouisse stayed with his original idea.

It was noticeable that two separate rationales existed. The presentation volume and the draft authorizing legislation contained no explanation, so that the differences between the two men did not affect the formal documents sent to Congress. In the future, some firm decision would have to be made on the scope of authority of each deputy.

Relations with the Department of State. At nearly every turn, the President's Task Force on Foreign Economic Assistance was confronted by decisions that affected the future relations between the new aid agency and the Department of State. There were certain guidelines laid down by President Kennedy's March 22nd Message, but they were rather general. For example, the President had stated that military aid would be separate from social and economic aid. The Task Force was thus faced with the problem of how to coordinate the two. The Department of State was one possible point for coordination, the White House a second, and the aid agency itself a third. The second major guideline in the President's Message concerned the persons to whom the Administrator of the new aid agency would report. "Central direction and final responsibility will be fixed in an Administrator of a single agency -- reporting directly to the Secretary of State and the President . . . ." The exact relations between State and the agency were not spelled out, but it was apparent that the aid agency was to have some prestige and status in its relations to State, since it would have some direct connection with the President.

Within State, a rather vague structure and pattern of internal relationships existed, at least at high levels. Secretary of State, Dean Rusk, was rather preoccupied with matters of high diplomacy and delegated responsibility to others concerning foreign aid. The Under Secretary of State, Chester Bowles, did not have a clear sphere of authority, although in theory he was the full deputy of the Secretary; in practice, he often specialized in certain political matters. His role in foreign aid was ad hoc in character; he often handled special problems that arose. The Under Secretary of State for Economic Affairs, George Ball, formally had this responsibility, in addition to other aspects of foreign economic policy. It was under Ball that Mutual Security Coordination was to be found and also the Inspector General and Comptroller for Mutual Security.

For political affairs, a Deputy Under Secretary, Alexis Johnson, was designated.

If the Administrator of the new aid agency was to report within the department of State the logical place would be to one of these four men. If State was to exercise coordination over military and economic aid, the offices of one of these four men would be the logical place to locate a coordinating unit.

Another set of relationship problems between State and the aid agency concerned some of the specialized bureaus in State. Three, particularly, were of great concern to Gant: The Bureau of Educational and Cultural Affairs of which Philip H. Coombs was Assistant Secretary, the Bureau of International Organization Affairs of which Harlan Cleveland was Assistant Secretary, and the Bureau of Economic Affairs of which Edwin M. Martin was Assistant Secretary. The latter office was distinct from the Under Secretary for Economic Affairs, and led to some further confusion in proposals for new patterns of aid agency-State relationships. In addition, there were aid agency contacts with many other parts of State, such as the regional bureaus, the personnel office, the Inspector General and Comptroller, and the Ambassadors.

From the beginning of Task Force work, the problems of coordinating military and economic aid and the level and way in which the aid agency administrator would report to the Department of State and the President were issues that were intertwined. The Task Force Steering Group was in agreement with the President that military aid should be separate from economic, including separate authorizing legislation, and this meant it would be separately administered by the Department of Defense. How military aid was to be coordinated with economic aid depended in part on how the aid agency was conceived. If it was to be largely a separate agency reporting to the President and clearing with the Department of State on

foreign policy issues, then the coordinating device might appropriately be in the White House, assuming that the foreign aid agency was not to be given the coordinating powers itself. If the agency was to be an integral part of the Department of State, then State would be the logical agency to provide the coordination.

Also, the level or rank of the aid agency administrator and his principal assistants would help determine at what point the aid agency would report within the Department for whatever purposes it was decided were appropriate -- mere foreign policy clearance or more extensive direction and supervision. If the administrator were to be at an assistant secretary level, he could report, logically, to the Under Secretary of State for Economic Affairs or the Deputy Under Secretary for Political Affairs. If he were at the under secretary rank, the case for his reporting directly to the Secretary himself would be strengthened.

In an early decision, the TFSG decided not to include in the proposed legislation any specific designation of agencies or units that were to carry out foreign aid, but rather to recommend authority for the President to carry out the act as he saw fit. Still, certain portions of authorizing legislation would affect aid agency-State relations. For example, the ranks and salaries of the top statutory officers would be specified in the act. And on both April 7th and April 12th, the Legislative Drafting Work Party asked in memorandum form that consideration be given to how the role of the Secretary of State in foreign aid should be expressed in the new legislation.

As Gant turned to his responsibilities as Chairman of the Organization and Administration Group of the Task Force, he very quickly came to the conclusion that the new aid agency should be made as independent of the Department of State as possible. There were several factors that pushed him in this direction. First of all, the winds for a high-level

independent agency were blowing strongly in late February and March, and much of the drive for an agency with such a status had carried over into April. In his background reading and during his briefing, Gant had come across a number of proposals leading in this direction. Secondly, his briefing by ICA and subsequent study of it had convinced him that much of the problem of ICA was that it was a stepchild of the Department of State. One of the best ways to overcome this handicap in the short run was to separate the two agencies so that one could not hold back support from the other. In the third place, there needed to be a general upgrading of the foreign aid agency and its personnel. At the least, Gant felt that a rank equivalent to the Under Secretary of State for Economic Affairs was necessary. Perhaps he could be conceived as equal to the Under Secretary. In either case, his major subordinates could be at an assistant secretary rank. This alone would bring a major change in aid agency-State relationships since it would upgrade the former, making it more equivalent to the latter. Gant was even taken with the suggestion that a new Secretary of Foreign Affairs be appointed to preside over a Department of State and a Department of Foreign Aid.

He kept the subject of aid agency relations with the Department of State for himself, appointing no separate work party for it. The weekend of April 14th and 15th, when Dean Don K. Price of Harvard, Gant, and Barrett had their meetings, aid agency-State relations were discussed at some length. Price supported Gant in his desire to see more independence for the aid agency.

On Thursday of the next week, Gant went before the Task Force Steering Group with some general alternatives on aid agency organization. Specifically, he said that in accordance with the President's Message on Foreign Aid, the aid agency could either be placed within the Department of State and report to the Secretary and the President or it could be a

separate agency and report to both. He preferred the latter alternative. Tentatively, the TFSG went along with Gant. Later the same day, Barrett finished the guidelines for the working parties growing out of the discussions with Price five days earlier. He reported:

The foreign aid message states that final responsibility in Washington will be fixed in an administration of a single agency reporting to the Secretary of State and the President . . . .

Assumption: The new agency will be established by the President as a separate agency reporting directly to the Secretary of State and the President. (This decision was ratified by the Task Force Steering Group. . . .)

The underlining was significant. It was on this phrase that Gant hung much of his case for an independent agency.

With this preliminary victory, Gant prepared for his first intensive session outside his Group. On April 25th, he presented to the informal TFSG a memorandum on "Some Tentative Conclusions" in the organization and administration area, especially points that touched upon relations between State and the new aid agency. The first two sections of the memorandum summarized his recommendations:

1. The new agency will be established by the President as an agency separate from the State Department, but the agency's administrator will report to the Secretary of State and the President.
2. The Secretary of State will exercise three kinds of functions vis-a-vis the assistance agency:
  - a) Provide policy guidance and direction.
  - b) Resolve differences between the State Department and the assistance agency.
  - c) Represent the assistance program in policy determinations involving other departments, other countries, and international agencies.

The Secretary of State needs staff assistance in the performance of these functions. That assistance should be located in his own office.

To Gant, this was as great a compromise toward associating the aid agency with the Department of State that he was willing to make at the time. He felt that this proposal would have a much greater chance of acceptance

than one proposing a more extreme form of independence.

The discussion was hard and heavy. Criticism was especially concentrated on Gant's proposal that the agency be "separate". None of the members of the informal TFSG aside from Gant felt that such separateness was either possible or desirable. It had to be considered within the Department of State, they argued, especially given the intimate relations between foreign aid and foreign policy. Past experience with separate agencies, such as the Foreign Operations Administration, had not been especially happy. In the end, Gant found himself in a minority of one, and Labouisse ruled that the proposed aid agency would be a part of the Department of State.

The next four days Gant had a very busy schedule of appointments, and five or six of the persons he saw were Assistant Secretaries of State. He also visited with the Under Secretary of Economic Affairs, George Ball. These appointments and the informal conversations he had with Barrett and other staff members crystallized his thinking in framing another alternative. Since he believed that one of the main evils of existing foreign aid organization was that ICA was the stepchild of the Department of State, it was essential that a system be constructed that would help prevent this condition from continuing. Two alternatives gave most promise, he reflected. First, independent status for the aid agency. Second, complete integration into the Department of State. It was the awkward in-between status that was to be avoided at all costs -- a status in which the aid agency was neither fish nor fowl, and would thus be likely to get the worst of two worlds. Since independent status had been ruled out, Gant turned to the possibility of complete integration, the goal that he and others felt was the ideal, although up to that time it had been considered rather futuristic.

An approach toward integration carried with it certain advantages.

The role of the ambassador fell into place nicely, as an integral part of the field organization. In the personnel field, integration of the foreign aid agency's system with State might bring a revolution in personnel policy that could be greatly advantageous for both groups. The two sets of regional bureaus could work together closely and eventually meld.

The Administrator of foreign aid could either rank just below the Under Secretary or rank with him; Gant rejected a lower rank such as that of assistant secretary, comparable to those in the economic and cultural fields. This was important if the entire foreign aid effort was to be upgraded. For example, if the regional bureau heads of the aid agency were to be effective in protecting aid agency activities as integration proceeded, they would need a rank equivalent to the regional assistant secretaries of State. That would require the Administrator to be at the Under Secretary level. The same conclusion was reached if the President's Message was taken literally, with its statement about the Administrator reporting to the Secretary of State and the President. Gant therefore constructed a modified integrated approach, with immediate integration the goal in regard to housekeeping and field activities, an intermediate period of coordination at the regional office level, and a somewhat separate position for the Administrator who would be at the Under Secretary level, reporting directly to the Secretary of State. The rank would be equivalent to that of George Ball, the Under Secretary for Economic Affairs, but less than that of Chester Bowles, the Under Secretary, although the latter point was not made entirely clear within the Task Force.

The discussions and writing of Gant, Barrett and Ball on April 30th-May 2nd produced a proposal along such lines. The first revision of the organization and administration section of the presentation volume provided:

The Agency for International Development will be an integral part of the State Department. The AID Administrator will report to the Secretary of State and will have the rank of Under Secretary.

The text went on to specify that "the Administrator will assist in the development and formulation of foreign policy and in the coordination of assistance programs with other U.S. activities." The AID Administrator would maintain liaison with the Under Secretary for Economic Affairs, Mr. Ball, in regard to foreign economic policy, the Deputy Under Secretary for Political Affairs Mr. Johnson, in regard to military-economic aid coordination, and the Assistant Secretary for Educational and Cultural Affairs Mr. Coombs in regard to educational matters.

While these relationships will involve staffs at various levels in the several offices, the formal relationship is with the Administrator and disagreements will be settled by the Secretary.

Four points were of particular significance in the statement. The Administrator was to report to the Secretary of State only; the phrase "and to the President" had been dropped since the April 25th memorandum.

Relations in the economic area were to be with Ball, an Under Secretary, not Martin, Assistant Secretary. Coordination with military aid was to be transferred from the Under Secretary for Economic Affairs, where it had been, to the Deputy Under Secretary for Political Affairs. Disputes were to be settled by the Secretary.

During May 3rd and 4th Gant and Barrett had a chance to polish their draft and make a few changes on the suggestion of the two consultants, Price and Sayre, and others. Two additions were made to the draft on second revision on May 4th. One specified:

The Administrator will attend the Secretary's staff meetings and will be kept informed of the work of other elements of the Department through the Secretary's secretariat.

In addition, it was provided that the Administrator be allowed to instruct the ambassadors and be consulted on instructions to them from other parts of State that might affect foreign aid policy.

The presentation material was accompanied by a special memorandum on the role of the ambassador, and the latter included a proposal relative to the role of the Secretary of State. Gant reported that he was concerned over the intrusion of the secretaries of other departments in the foreign aid field. Therefore, he suggested that the authorizing legislation carry a provision allowing the President to take such steps as were necessary to grant to the Secretary of State full authority in all international functions, authority for which at that time was vested in the heads of other agencies. The suggested language was broad:

Without regard to any other provision of law, the President is authorized to prescribe such measures and dispositions as he may deem necessary to assure that international functions of the United States are brought into harmonious action and are so carried out as to protect the interests abroad of the United States.

"International functions" was defined to include all functions wherever carried out, that involve relationships with foreign governments, nationals, or groups. The language was broad enough to cover the role of the ambassadors as well as the role of the Secretary of State.

For the second straight time, the informal TFSG did not take kindly to Gant's suggestions on relations with the Department of State. At its meeting on May 5th, it was generally critical of the proposal. The most sensitive point was the suggestion concerning relations with the Under Secretary of State for Economic Affairs. Ball had not liked the Gant proposals. First of all, Gant's suggestion entailed bringing in a ~~Secretary~~ Under Secretary of rank equivalent to Ball. Not only Ball but other high up in the Department of State hierarchy tended to resist this step. Secondly, the transfer of the function of coordinating military and economic aid to another office was resented. <sup>involved placing a person</sup> Thirdly, the proposal/that Ball had brought in, Labouisse, in a coequal position to himself and reporting directly to the Secretary if Labouisse became the permanent Administrator. This was especially awkward for two additional reasons. An

Assistant Secretary for the Economic Affairs, Martin, seemed to Ball as the person comparable to Cleveland and Coombs with whom the Administrator could maintain liaison. That would leave the Under Secretary for Economic Affairs in a superior position to coordinate both economic policies and foreign aid. Ball strongly believed in an over-all economic and foreign aid policy, and if both he and the Administrator were to be coequals and report to the Secretary, he could not see how it could be done very effectively. These reactions on his part were a modification of some of his views of March when he tended to draw back from the foreign aid field. Now faced with a specific proposal, he found himself giving priority in his scheme of values to a coordinated economic program and a small top hierarchy in the Department.

While Ball was not at the meeting, Labouisse had been especially receptive to them. Labouisse still did not have any assurance that he was going to be the permanent head of the aid agency. Rumors continued to the effect that a negative decision had been made on him by the White House. In this uncertain state of affairs, Labouisse did not want to do anything that would unnecessarily antagonize Ball or the top officials of State. He was not dealing from a position of strength. In the opinion of some observers he was fighting for his administrative life; in the opinion of others he was not a person that would normally fight over a matter of this kind in any case. He certainly did not want to be pushed by Gant on the issue.

John Bell, normally closely aligned with Gant on issues, was ambivalent on the matter at the meeting. He believed that there were many ways in which the organization could be arranged with satisfactory results and that such great detail was not needed. The rest of the informal TFSG took a rather aloof position, and certainly were not favorable to Gant's ideas. The general feeling was that Gant had swung too far.

He had gone from a position of separate status for the aid agency to one of integrating it into State as quickly and as much as possible. They favored a more intermediate plan. They could not see why it had to be all one way or another.

Gant defended his proposals by again pointing out that the major problem of ICA was that it was a Cinderella of the Department of State, and either separate status or integration were the two best ways to assure that this condition would cease. The new aid agency should not become the captive of the old-line <sup>regional</sup> ~~regional~~ bureaus in the State. Furthermore, upgrading was essential if foreign aid were to be given the importance it merited and if it were to be able to attract men of top quality and of sufficient rank. Also, Gant had never been enchanted with the report stemming from Ball's efforts in January and again in March, and he had come to feel that to place the aid agency under Ball would be a mistake. Ball was too committed to old-style diplomacy; Gant wanted an outright development-minded person heading AID and reporting directly to the Secretary so that development would be represented effectively in the high councils of the Department.

Gant failed to carry the day, and the third revision of the material for the presentation volume carried the brief statement, "Relationships between the Administrator, and other Department of State officers are under review."

The May 8th draft of the authorizing legislation carried two provisions affecting the position of State in AID affairs. The Secretary of State was to be given strong authority in foreign aid matters, so that other departments could not unilaterally go their own way:

Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs . . . to the end that such programs are effectively integrated both within and outside the United States and the foreign policy of the United States is best served thereby.

In regard to State-AID relationships, the May 8th draft of the proposed authorizing legislation further exacerbated the Task Force - State Department split. The section on statutory officers provided for one officer at the Under Secretary level and one at the Deputy Under Secretary level. Salaries were attached and the salary for the Under Secretary was set at \$500.00 more per year than Ball himself was receiving, thus apparently giving the Administrator a higher rank than Ball himself. The salary of \$22,500 that was proposed was equivalent to Bowles salary, not that of Ball. Rehm, in drafting the section had inserted that figure without clearing with Gant or Labouisse, and the intention of Gant had not been made clear. The relations between the Task Force and Ball became rather severely ruptured.

Gant and Labouisse immediately tried to correct the situation by contacting Roger W. Jones, the Deputy Under Secretary for Administration in State and the person with whom Gant had been dealing on much of the aid agency-State relations, since Rusk remained unavailable and worked through Jones. Labouisse forwarded a memorandum to Jones suggesting a pattern for aid agency relations. Jones reviewed it and, with the concurrence of Chester Bowles, the Under Secretary, redrafted it. On the 10th, Jones called Labouisse but the latter was on the Hill, and he got in touch with Gant instead. He handed him the changes proposed by State. The salary of the Administrator was set back to \$22,000 -- to which Gant and Labouisse had no real objection. State also suggested that the funds for the aid agency should be made available through the Secretary. Gant reported to Labouisse:

Mr. Jones assures me that it is purely a bookkeeping transaction and does not provide the basis for the performance of a separate staff or control function [by State over AID].

A third proposed change was more troublesome, State wanted assurance that the Secretary could take "appropriate steps" and make "appropriate

delegations" in regard to foreign aid matters. Conceivably, this could involve a channel through Ball's office. Gant commented:

It is the view of Bowles and Jones that any "appropriate steps" and "appropriate delegations" would be through and to the Administrator and not provide the basis for a separate staff programming operation by State vis-a-vis the assistance program. However, Jones cannot speak for Ball, and particularly for Ball's staff, in this regard. Hence the conclusive assurance we need cannot be given except by Secretary Rusk. Roger Jones believes that the best procedure in this regard is for you and him to meet with Rusk and Bowles (not Ball).

Negotiations over the issues of AID-State relations dragged on during the next week without any conclusive action. Secretary of State Rusk did not yet become directly involved. Gant and Labouisse had several meetings with Roger Jones, the Deputy Under Secretary for Administration, and he in turn contacted Rusk and others. Rusk simply did not want to commit himself and did not give Jones definite answers -- on one occasion just looking out his window at the beautiful view overlooking the Lincoln Memorial without replying. It was apparent, however, that both the Bureau of the Budget and the White House were going to play a major role in any final solution, because it was likely to be an unsettled issue for the White House meeting on May 17th to clear up all remaining organizational and administrative matters.

The Bureau of the Budget had been interested in these relations from the beginning, but had waited to see what would emanate from the Task Force before assuming a more active role. In an internal memorandum from the Chief of the International Division to the Director of the Bureau, Robert Macy had queried as to whom the Administrator of AID should report. Formally to the Secretary of State, but to whom in practice? State was organized in such a way that it was difficult to give a straightforward answer. Perhaps to Bowles as a general deputy. Perhaps to the Under Secretary for Political Affairs if he were to coordinate economic and military aid. Still, Ball seemed to be the most logical

possibility. He could really become the "alter ego of the AID Administrator." The memorandum was inconclusive.

To some extent there was a division of opinion in the Bureau. Kenneth Hansen and most of the personnel of the International Division tended to favor integration in the long run and as close integration as possible in the short run. Barrett, deputed from the Bureau of Gant's staff was in agreement with integration as a long range goal, but favored independent status for AID for the time being. David Bell, the Director of the Bureau leaned toward a more intermediate position such as eventually came out. His ultimate role would have to be one of accommodation of the views of State and the Task Force, of healing the wounds that had developed. He did not share the either-or position of Gant that either independence or integration had to be selected. He believed that AID could work satisfactorily within the Department of State as an operating entity for the time being.

The position of the White House stemmed from two bases. First of all, the philosophy behind White House organization was still that laid down by Professor Neustadt of Columbia in December, January, and February. He had emphasized that the White House staff should be small and engage in only those activities that were essential to support the actions of the President. Broad coordinating functions were to be eliminated. Thus when Gant proposed an independent aid agency, the White House was not taken with the idea, since it was likely to leave coordination between military and economic aid up to the White House. In the second place, the White House from the very beginning was interested in upgrading the entire foreign aid operation. Therefore, it was very sympathetic to giving the Administrator the rank of Under Secretary and his chief subordinates ranks of assistant secretary. Not only Dungan and other members of the White House staff took this position, but also the President himself.

Even though no agreement with State had been reached, it was imperative for Gant and Barrett to fill in the blank in the presentation volume material for the White House meeting on the 17th. Therefore, in the fourth revision completed on the 16th, the two men used the following language:

The agency for International Development will be a semi-autonomous agency within the Department of State. The head of AID will have the title of Administrator. He will have the status of Under Secretary of State and will report directly to the Secretary of State and the President.

Two significant changes had been made. "Semi-autonomous agency within" was used instead of "integral part of". Gant had compromised. In addition, "and the President" was back once again, to give AID the full measure of prestige permitted by the President's message of March 22nd.

The draft also set forth specific provisions for coordinating foreign aid policy with State and the Department of Defense. In regard to the former, it said:

Central direction and responsibility for the economic assistance program will be fixed in the Administrator. Acting on behalf of the Secretary of State, the Administrator will be responsible for the formulation and execution of such program. He will maintain close coordination with the Under Secretary for Economic Affairs and take appropriate steps to ensure that in making his determinations, all political, economic, and cultural considerations affecting foreign policy objectives of the United States are taken into account.

There followed additional detail about AID relations with State's regional desks and the ambassadors. In regard to military aid the draft provided:

The Administrator will collaborate with the Deputy Under Secretary for Political Affairs in establishing procedures to assure coordination between the economic aid program and the military assistance program.

The language in each case was significant. There was no doubt that the Administrator was conceived as the equal of the Under Secretary of State for Economic Affairs, and substantially independent of him. The

point of coordination for military and economic aid was the same as had appeared in the first and second revisions of the presentation material, but which had been temporarily set aside in the third.

The review of these provisions at the White House meeting was severe. Without agreement between State and the Task Force on relations between AID and State, the legislation could not go to Congress. Furthermore, it seemed that the language in the presentation volume was far too specific. Some of the cutting edge would be removed if it were more general. David Bell was designated as the person to work out an agreement between Rusk and Labouisse, and Gant was instructed to make the presentation statement less specific.

Gant proceeded to remove all references to the Under Secretary of State for Economic Affairs and the Deputy Under Secretary for Political Affairs. In their place he substituted the following:

Central direction and responsibility for the economic assistance program will be fixed in the Administrator. He will be responsible for the formulation and execution of the program, taking into account political, economic, and cultural considerations affecting the foreign policy objectives of the United States. To this end he will establish procedures for maintaining continuing contact . . . between all elements of AID and other appropriate sections and bureaus of the Department.

The only units of the Department of State mentioned specifically were the regional bureaus and the ambassadors.

Even this statement was too specific for some tastes, and the final version which was completed late that same week eliminated all reference to political, economic, and cultural aspects of foreign policy. One other change was made. "Semi-autonomous" was struck out and the final statement read instead: "The Agency for International Development will be an agency within the Department of State." The fighting, qualifying words had gone: integral, and semi-autonomous.

The same weekend that the final presentation volume material was completed, the fourth revised draft of the authorizing bill was completed.

One change had been made to avoid difficulties between State and the Task Force. The offending salary figures were excised. A second change had been made to avoid difficulties between State and the regular domestic agencies. The section on the powers of the Secretary of State was eliminated. In regard to his powers as far as other agencies went, neither the language of the special Gant memorandum of May 5th nor the <sup>the</sup> visos of May 8th draft of the authorizing legislation were necessary it was decided. The Secretary of State could be given such responsibilities by means of an Executive Order, with the benefit of a favorable Attorney-General's opinion. Thus the proposed legislation did not seem to take away or threaten the powers of the other agencies.

Meanwhile, the relations between the new aid agency and two other units of the Department of State had been the subject of much reflection by Gant and his group. The Bureau of Educational and Cultural Affairs was headed by Philip H. Coombs. Coombs and one of his deputies, Joseph E. Slater, conferred with Gant in mid-April and asked that all foreign aid programs that might overlap with educational exchange programs of their Bureau be cleared with their office. They also explored the division of responsibility and cooperative activities between their Bureau and the new aid agency. Coombs and Slater were carrying out a major study of their own program, and they were anxious that the new program that was being conceived have a maximum chance of success. Coombs looked upon his assignment as involving coordination of all international educational activities within the Government.

The effect of these early conversations was clearly reflected in the April 25th memorandum that Gant presented to the informal TFSG and which in large part was devoted to aid agency relations with State. The memorandum stated that because educational development was an integral part of the assistance program and of the several country development programs,

the Assistant Secretary of State for Educational and Cultural Affairs should participate in the review of annual country programs of the aid agency, for the purpose of relating programs of educational and cultural exchange to them. In turn, it suggested that the Assistant Secretary would accept "guidance" from the aid agency concerning UNESCO representation for the United States.

These provisions came in for sharp criticism by the informal TFSG. They were thought far too specific and too committing. It was unnecessary to detail such arrangements in the presentation volume, and doing so might create more difficulties for the permanent officials of the aid agency than it would solve. The suggested procedure of review of country programs seemed awkward and time-consuming, and might stall effective action by the new agency.

During the following weekend, April 30th-May 2nd, when Gant, Barrett, and Ball produced the first draft and first revision of the material for the presentation volume, they contented themselves with a far more general statement:

The Administrator and the Assistant Secretary for Educational and Cultural Affairs will consult on relationships between the educational assistance administered by AID and other educational and cultural activities.

The same language was carried over to the second revised version on May 4th. When the general review of AID relations to State was made beginning the following week, this sentence was among those eliminated, and it was never put back into the material. The term "cultural considerations" was inserted in referring to what the Administrator should take into account vis-a-vis foreign policy, in the fourth and fifth revisions. In the final draft, even this reference fell. The presentation material was silent on the subject.

The conversations Gant had in mid-April included a few with Harlan Cleveland, the Assistant Secretary of State for International Organization

Affairs. One of the major concerns of Congress in regard to foreign aid was that effective contributions also be made by <sup>the</sup> other more developed countries. Various multilateral aid agencies had grown up, and it would be important to make certain that the new aid agency related effectively to them. Cleveland's Bureau of International Organization Affairs monitored and facilitated relationships with international organizations within State and the Government in general.

Gant clearly set forth his conclusions from his conversations with Cleveland in the April 25th memorandum that was distributed to the informal TFSG.

The Assistant Secretary for International Organizations will accept guidance from the assistance agency with respect to the representation and instructions to international agencies in the field of development. . . .

Since Cleveland's office regularly did this kind of thing with other units in the Department of State, there was nothing unusual in the statement.

One of the recommendations of both the Toner and Biren work parties was that there be established a multilateral organization staff to deal with those multilateral agencies that transcended regional boundaries and hence could not be entirely subsumed within the aid agency regional bureaus. Such an idea appealed to Gant, and in the discussions and writing of April 30th-May 2nd, he and his two colleagues came up with a suggestion for an International Development Organizations Staff within the aid agency, reporting to the Administrator. Aid agency relations with international lending agencies would be handled through the Office of Development Financing and those with international organizations of a regional character through the appropriate regional Assistant Administrator. All others would be the responsibility of the Staff. The primary, but not exclusive, channel for working out such relationships would be "through close collaboration with the Assistant Secretary for International Organizations, State Department." There followed a detailed listing

of the functions of the Staff.

As pressure mounted upon Gant to make the statements of relationships with the Department of State more and more general and less and less committing, a certain change in language gradually took place. "Close collaboration" was changed to "work closely with" in the second and third revisions. Even that was too specific, and in the fourth revision the final language that was used was set forth. "Work closely with" was stricken and "provide liaison with" substituted in its place. In the end, the Task Force merely stated that the International Development Organizations Staff "will provide liaison with other Departmental offices and bureaus concerned with multilateral organizations including the Bureau of International Organizations."

Therefore, by the week of May 22nd only two steps remained in structuring the relations between AID and State. David Bell, Director of the Bureau of the Budget, was to work out a solution with Rusk and Labouisse. And the Presidential Message transmitting the Task Force recommendations to Congress had to be written; it presented a further opportunity to mention State-AID relations. Rusk had avoided making any specific commitment on the subject up to this point. However, after David Bell and Rusk talked with the President about the problem, it was apparent that some kind of agreement was necessary. Both men had copies of the material on which Jones, Bowles, Labouisse, and Gant had been working -- fruitlessly so far. Rusk turned to Bell and asked him who and what was the difficulty. In turn, Bell was candid: the Administrator-Bell relationship was the problem. With the air thus cleared, the two men gradually worked out what came to be called a five-point Peace Treaty between the Task Force and State. Most of the detailed work fell to Hansen and Jones, and Gant was called by them on several occasions for clearance on the specific language.

On May 26th, Bell sent a memorandum to the President with the notation that "Secretary Rusk and I are agreed on the attached." The President's concurrence was asked. The memorandum was general, although it did at least comment on the major issues. First, it was agreed that the Administrator would have the rank of Under Secretary, reporting directly to the Secretary. Second, the Secretary was "to communicate with the Administrator, as with any other member of the Department, through such channels as he chooses. This does not mean that the Secretary would delegate policy or organizational supervision over the administrator to any other officer," -- an assurance that Gant felt was essential. Third, the Administrator was to be responsible for formulating aid policies and programs for approval of the Secretary, and for executing approved policies and programs. Fourth, the Administrator, subject to the approval of the Secretary, was to be authorized to issue instructions to the ambassadors and through them to the mission chiefs on matters relating to the aid program, although there would be mutual consultation on such matters between AID and other parts of the Department affected. Fifth, the salary of the Administrator was to be an amount equal to <sup>that of</sup> the Under Secretary of State for Economic Affairs.

On Monday the 29th, Bell sent a memorandum to Rusk informing him that the President had approved. The Peace Treaty came much too late to affect the content of the presentation material; the latter had been sent to Congress on the 26th.

Despite its seeming specificity, the Peace Treaty was nevertheless general and did not carry the assurances that Gant and others wanted to see. There was no statement in the Treaty that Bell would not set policy which the Administrator would have to carry out. This was the crux of the issue. Gant wanted to avoid such a power for the Under Secretary for Economic Affairs. This had been why the Deputy Under Secretary for

Political Affairs had been designated as the coordinating point for economic-military aid. This was why rank and status for the Administrator equal to that of the Under Secretary for Economic Affairs had been sought. The issue had been "fuzzed up" in the short run by the vague language in the Peace Treaty. In the longer run, as the summer weeks unfolded, it became obvious that Rusk still had in mind that Ball would perform such a role.

The President's Message on Foreign Aid of May 26th strongly supported the upgrading of AID and its principal officers. It was also strong in its insistence that the Secretary of State have a leadership role in foreign aid as far as other agencies of the Government were concerned. On the former topic the President declared in part:

Responsibility and authority for the formulation and execution of the foreign development aid programs will be assigned to a single agency -- the Agency for International Development -- within the Department of State . . . . The new agency -- AID -- will be headed by an Administrator of Under Secretary rank reporting directly to the Secretary of State and the President.

On the latter topic, the President made it clear that the Secretary of State was to be in charge of military-AID relations and also of any involvement of other agencies in foreign aid or technical assistance. On military aid he said:

In recognition of the fact that military assistance should clearly serve the foreign policy objectives and commitments of the United States, the Secretary of State provides continuous supervision and general direction of the program, including the determination as to whether there should be a program for a country and the value of that program.

As to other departments and agencies, he stated:

International activities of domestic agencies should be clearly either (i) necessary extensions of their normal domestic missions or (ii) undertaken on behalf of and in support of programs and objectives of the appropriate foreign affairs agencies.

He also declared that the new foreign aid proposals would "strengthen the affirmative leadership role of the Secretary of State in the development and integration of foreign economic policies." The prestige of the

President had been placed behind the upgrading of AID and the strengthening of the coordinating and leadership role of the Secretary of State in foreign aid.

The Week Before Transmission. With the final White House meeting out of the way on Wednesday, the 17th, the final material for the presentation volume completed by the week's end, and the semi-final fourth draft of the proposed authorizing act distributed on Monday the 22nd, the stage was set for a last week of rushed activity before the Presidential transmission to Congress on Friday the 26th. The week was marked by memoranda and conferences, among which were Grady's memorandum to Labouisse and, far more significant in the short run, the negotiations between Director David E. Bell and Secretary Dean Rusk. Gant, anxious to begin his Phase II, leading toward implementation, was busy both in organizing for it and in handling backfires against his proposals as they arose from one or another part of the bureaucracy.

It was not until the proposed legislative draft of May 22nd was available that the White House proceeded to obtain initial Congressional clearance. Approaching both the leaders of the House and Senate, the White House explained the main provisions in the bill and the major lines of foreign aid policy it wanted to pursue. There was some feeling among Congressional leaders that they had been left uninformed about the activities of the Task Force, and this feeling contributed to a cataclysmic finish to the Task Force work. Speaker of the House Sam Rayburn, the most powerful man in Congress, declared flatly that the Administration's plan to separate military and foreign aid in different bills was completely unacceptable. In that form, he could not take responsibility in getting the measure through the House. Much of the Congressional support for foreign aid was tied to the fact that it contributed to United States international security. Take that argument away, and the rest of the

foreign aid program was a sitting duck. Idealists and economists did not have much influence in Congress.

Because support for foreign aid at a high level was marginal at best in the Congress, the White House had no alternative but to contact the Task Force and the Department of Defense and ask that the two bills be combined in one. Furthermore, this action would have to be done at once because the President wanted to submit the foreign aid package to Congress by Friday. Word came to John Rehm and his associates late in the afternoon on Tuesday the 23rd. He immediately got in touch with his counterpart in the Department of Defense, and they agreed to work on it that night until they had finished. Starting in about 5 P.M., they had the bulk of the work completed by 3 AM. There was no time to do a complete job of integration, but the combined bills were put under one proposed public law, with Part I covering largely the economic aid program and entitled, "Act for International Development" and Part II largely covering military aid and entitled, "International Peace and Security Act." Part III was more difficult for the drafter, since it covered both titles in regard to general provisions and administrative matters.

Next day, final clearances were obtained, and the proposed bill was subsequently transmitted to Senator Fulbright, the Chairman of the Senate Foreign Relations Committee, who on Friday the 26th introduced it in the Senate where it became S. 1983. Still, the concept of separating military and economic aid, so ingrained in Administration thinking even before it took office, had been given a rude last-minute shock.

The President's Message of May 26th. The last week before submission to Congress was also the occasion for intensive work on the President's Message that would accompany the proposed act to Congress. John Bell, Deputy Chairman of the Task Force, and Reubin Sternfeld, Executive Secretary, turned to this assignment feeling that at last the end was in sight.

They still had unpleasant memories of the last Message on Foreign Aid of March 22nd and they preferred that Sorensen and Goodwin not write this message. Being a part of the Task Force, they had deep feelings about what ought to be included and what excluded. The Message was one more chance to put Presidential authority behind some of the key concepts.

At the same time, the Bureau of the Budget took initiative to draft the Presidential Message that would accompany the bill. Its reason for doing so stemmed back to a Congressional mandate of 1960. Section 604 of the Mutual Security Act of that year had requested the President to have a study made of foreign aid and to transmit it together with recommendations to the next Congress. This had been the origin of the so-called 604 study that Barrett had directed and which James Frey of the Bureau had largely drafted. The 604 study had been primarily descriptive, and the recommendations of the President were now contained in the proposals to be laid before Congress. Therefore, the Bureau detailed Frey to draw up a draft of the Message and include an explanation of the handling of the Congressional request. Two paragraphs of the relatively short Presidential Message were devoted to explanation of what had happened. In part the President said:

To fulfill the first requirement at the request of the President, the Bureau of the Budget conducted a study of the existing situation and prepared a descriptive and analytical staff report. That report and the results of studies initiated by this Administration have been available to executive branch officials concerned with foreign economic affairs. The recommendations which follow constitute my response to the second requirement.

In addition, a few copies of the 604 study were given to key Congressional leaders for their information. The 604 mandate had been met.

The two versions of the proposed Presidential Message, the one by Bell and Sternfeld, and the other by Frey were very similar in content but different in style. Discovering that they each were working on the

same project, they decided to get together after finishing to compare drafts. John Bell was happy to accept Frey's, for the most part, and the Message that went to Congress was primarily his product.

The Message began with a few paragraphs outlining the major program goals of the two acts. There followed the <sup>604</sup> explanation. More than half the Message was devoted to a discussion of the organization and administration aspects of AID. The President emphasized the need for upgrading foreign aid officials and the entire agency. He devoted several paragraphs to relations between State and AID, and single paragraphs to relations with the Peace Corps, the Department of Agriculture and Food for Peace, the Department of Defense, and the regular domestic agencies. In each case, the coordinating role of the Secretary of State was stressed, as well as the basic responsibility of AID for formulating and executing the foreign aid program.

### Retrospect

Even before the Presidential Message, the proposed authorization act, and the presentation volume were transmitted to Congress, opinions were being expressed as to the efficacy of the entire Task Force process, the strengths and weaknesses of each agency and person that had played a major role, and the wisdom of many of the substantive decisions. Most of these comments were extensions of arguments that had already been made, altered with the aid of hindsight rather than foresight. They were not mutually consistent since their authors had different amounts of information and started from different perspectives.

The Task Force Concept. Most of those associated with the Task Force at high levels or heavily involved in its work in the White House or Bureau of the Budget felt that the product of the Task Force was of high quality. Their criticisms of the Task Force concept were largely two-fold: (1) Its staff became too large and unwieldy. Each of the three

major groups expanded beyond the point that would have been best, especially the program development and organization and administration groups. A small corps of persons would have produced results more quickly, perhaps with fewer disagreements. (2) The Task Force Steering Group became unmanageable in size, also. Resorting to the informal TFSG was an acceptable alternative in terms of getting the job done, but in changing the rules <sup>of</sup> the game half way through, the Task Force opened itself to criticism from the various interested agencies.

Some of the more severe critics of the Task Force, including some of the members of Gant's work parties, felt that the organization and administration side would have been handled best in one of several alternative ways. Some contended that the Bureau of the Budget would have been the best group to handle organization and administration. Its staff was well acquainted with many kinds of federal agencies and skilled in making recommendations on reorganization. Some persons thought that it would have been best to stick with the Blue Book, the document that had been produced by Grady's office in February and March. "It was a better document than most that came out of the Task Force in terms of the number of issues faced, the degree of specificity, and the degree of internal consistency among the recommendations," summarized one work party member. Another work party member felt that a management consulting firm would have done a far more effective job, with its established skill in reorganization surveys.

The Role of Labouisse. In retrospect, nearly everyone felt that the role of Labouisse had been hampered by the fact that he was not designated the permanent aid agency administrator in advance. He could not speak or act with authority either within the Task Force or in external relations with State, other interested agencies, or the White House, and certainly not at the Cabinet or Presidential level. He himself considered this his

most severe handicap. He could not make firm decisions on organization or recruitment. This was costly in delays. It was not the Task Force that suffered through the delay and indecision as much as ICA and the other foreign aid agencies.

Some believed that a second shortcoming of the Labouisse role was that he did not enjoy the Washington bureaucratic jungle. He was discreet; some thought of him as passive and lacking in push and follow-through. He lacked toughness and was uncertain. One Task Force member felt that such characteristics had been made into a greater sin than they really were. "If these were his administrative behavior patterns, why wasn't a strong subordinate appointed to help Labouisse? And one completely committed to development?"

The role of Labouisse was affected by the fact that with Dungan and Dentzer active in the Task Force and ICA, respectively, the appearance was given that he always had someone looking over his shoulder, checking up on him. The image was that foreign aid and the Task Force were not turned over to him completely, to do with what he could.

In addition, some of his close associates felt that Labouisse became too attached to ICA too quickly, and therefore was unable to lend his support in making adequate changes. ICA personnel had too much access to him. Being a considerate person by nature, this premature acquaintance with ICA influenced him more than it might have other persons. Another aspect of the same side of Labouisse was that he tended not to see whites and blacks but only grays. Decisions were not made quickly and decisively, and new information was absorbed too slowly. Given the time pressure and the need for action, the effect of these characteristics was to move some of the channels of action around, rather than through, Labouisse.

The Role of the White House. Both the Bureau of the Budget and the White House were generally supportive of the efforts of the Task Force and of George Gant and his group. The White House was criticized not for the occasional -- almost rare -- reversal of policy that it had to make on political grounds, but rather for what it did not do. Three shortcomings were especially frequently mentioned. There was inadequate attention given to marshalling public support for the program. The White House had taken responsibility for this sector but had done little. Another White House assignment was liaison with Congress. Many participants in the Task Force considered this to have been a failing of the two-month procedure. The hurried combination of bills in late May would have been unnecessary if adequate liaison had been a fact, it was argued. Finally, the White House and the President had to accept responsibility for the uncertain status of Labouisse. Apparently their dissatisfaction with Labouisse started early, but action in regard to his post was long delayed.

The Role of the Department of State. The inner circle of the Task Force was very critical of the role of the top officials of the Department of State. Rusk, Bowles, and Ball were only slightly involved in the Task Force work, and were never really active. Yet, some of the main issues faced by the Task Force were those of State-AID relations. There were many reasons for their staying on the periphery. Their positions were highly demanding, and they had no "free" time. None of them were power-seeking types and at least two of them did not like to push into matters that were not clearly of utmost concern to them. Furthermore, the White House had taken the major role in Task Force work, so there seemed little reason for them to join in. State was adequately represented by John Bell. Finally, their central interests and concerns were on issues other than foreign aid.

Fundamentally, the role of the Department of State was determined by Rusk and the system of administration he had established. Typically, it was often hard to tell what Rusk thought of an idea when it was presented to him. He was a Secretary who tended to judge and dispose of issues rather than set out and blaze a trail. He ran the Department of State on a senior partnership basis. Not all issues had to be presented to him for decision. Instead, he expected his subordinates to make decisions on their own. Even persons lower in the hierarchy could go to the President directly on certain issues. Task Force decisions were items that he believed should be handled by others.

The Role of Gant. It was Gant's role that proved to be the favorite topic of the post-mortems, second to that of Labouisse. The reason was clear. Organization and administration had been the heart of Task Force work, as indicated by the proportion of the Presidential Message of May 26th that was devoted to them. Furthermore, Gant had made a number of novel proposals. Admirers of Gant referred to his "sophisticated and unorthodox" way of solving organizational <sup>and</sup> administrative problems. Critics charged that the organization was so unique and reflected Gant's management philosophy to such an extent that only Gant could run it effectively, without serious modifications. Others said that the unusual character of Gant's recommendations stemmed from the fact that he did not know enough about ICA and DLF. That Gant's work was not entirely capricious was illustrated by the guidelines he laid down from time to time and the fact that Biren, by no means a close follower of Gant's administrative philosophy, could nonetheless come up with recommendations that were similar in major respects to those finally set forth by Gant by following his guidelines.

There was continual debate about Gant's methods. The lack of collegial procedures within his group was a point bitterly attacked by

those who disagreed with the outcome. Defenders contended that strong leadership by Gant was the only way in which a consistent body of recommendations in the organization and administration fields could be achieved. There were too many willing cooks who would have spoiled the stew.

If the test of accomplishment of the objectives that Gant had in mind were applied, a considerable degree of success was evident. While he modified his own views on several major points during the two months, he was able to place in the proposed authorizing act, the presentation volume, and the Presidential Message of May 26th most of the key concepts he wanted. His own working groups, the other Task Force groups, the large Task Force Steering Group, ICA, and DLF -- none of these proved to be barriers to carrying out his plan.

He was thwarted primarily when relations with other agencies were involved; he could not control issues affecting such relations closely. Freeman and Shriver had a kind of power he could not match. For political reasons, the White House had to reverse him on certain issues such as the NAC and the outhouse committee. The informal TFSG gave trouble in a couple of instances, but largely because of its judgment of the external relations of AID -- as in the case of relations with the Department of State. State itself proved a stumbling block.

His technique was many-folded: no group meetings with his staff, no attempt at getting consensus with his staff, changes in staff from time to time, care in defending his jurisdiction from intrusion by other Task Force groups, the selection of knowledgeable "insider" as his deputy, few dealings with the large TFSG, avoidance of group meetings with representatives of other agencies, few meetings with ICA and DLF personnel, all external contacts kept in his hands, regular contacts with the Bureau of the Budget and the White House. In addition, there simply was a lack of any substantial substantive review of Gant's proposals above him. Time

was very short, for one thing. The TFSG was unwieldy. The members of the informal TFSG were too preoccupied with other matters. And Labouisse felt that he or whoever else would be in charge of AID could modify the organization and administration proposals later. Most of the proposals did not affect the legislative provisions, after all.

Another factor that affected Gant's performance was that he was unable to sell the product he produced on several occasions. He was not of the soap salesman variety, nor was he of the persuasive courtroom lawyer type. In the eyes of several of the Task Force members he failed to communicate effectively with Labouisse, the informal TFSG, State, and the Bureau of the Budget and the White House on several occasions. Much of this was due to the shortage of time or conflicting perspectives. But the lack of understanding of or conviction concerning the Gant plan in certain respects remained.

The Issues and Decisions. Most of the issues confronting the Task Force were historic. They had been with the foreign aid program since its inception. The relation to the Department of State, the relation to military aid, the role of technical assistance, integration of foreign aid activities -- these and other questions had been debated since the late 1940s. The domestic and international contexts of 1961, political, economic, and military, helped to give some of the historic issues particular twists or significance. The President's emphasis on national plans and country programs was not new, but tackled afresh a problem as old as foreign aid itself. The desires of Agriculture, Commerce, Labor, Health, Education, and Welfare, and other departments to play a larger part in the foreign aid had some new aspects, given the "internationalizing" of some of the regular domestic departments, but the issue stemmed back to the problems encountered with the old Interdepartmental Committee on Scientific and Cultural Cooperation beginning in 1939. The Treasury had

markedly different personnel, but the debate concerning Treasury controls over foreign lending activities had gone on since World War II.

Even in the narrowest administrative matters confronting Gant, the issues were historic in a different sense: reorganization efforts in many different kinds of agencies had encountered them time and time again. The regional versus functional pattern of organization, centralization or decentralization of administrative services, a negative or positive approach to personnel and budgeting, span of control -- these were not novel issues, although they were given particular applications by the Task Force and foreign aid environment.

In part because the issues were historic, it was to be expected that a lack of consensus would exist as to the appropriateness and efficacy of the solutions reached. Grady's memorandum to Gant of May 16th was classical in portraying an approach to management different from Gant's. Part of Grady's pattern was centralization of administrative services; thus Grady liked the regional approach of Gant, but not the decentralization of a number of administrative services to the regions. Part of the administrative system Grady favored involved a traditional approach to span of control and other "principles." Grady was prophetic when he wrote to Gant:

Your plan currently provides that 14 senior unit heads will be directly responsible and report directly to the new Administrator. . . . I do not believe an Administrator, even assisted by a full Deputy Administrator, can effectively handle this increased burden of supervision and at the same time meet the other heavy leadership and representational responsibilities. I would suspect that some "clustering" of this group of 14... will in time be essential or in the alternative, the Administrator will have to establish two deputies as well as several senior special assistants.

Aside from specific issues such as span of control or the concept behind the proposed Office of Development Research and Assistance, the post-mortems tended to concentrate on whether the Task Force had placed its time and energy in the right places. Latouisse, the Bureau of the Budget,

and the White House were all satisfied with the general lines taken by the Task Force and the performance turned in, and were specifically pleased with the organization and administration portion of the work. Each would have modified one or another part of the organization proposals, but they felt the net product was good.

The major critics of Gant and the Task Force tended to challenge the assumption on which the Task Force was based. The condemnation of old ways of doing things was largely an emotional reaction caused by frustration within the United States at the way in which world events were going, they insisted. Something and someone had to be damned; ICA and its top personnel were sitting targets. Change for the sake of change was imperative if any substantial support was to come from Congress and the country. One critic who had worked hard for the Task Force commented, "In foreign aid, we trade a lousy organization every two years for a few bucks."

The work had been done under pressure. The target date for presentation to Congress that had been set in early April had been missed by over two weeks. There had not been enough time to do a complete job. In Gant's part of the work, two aspects that he himself felt were not given adequate attention were relations with the regular domestic agencies and relations with the Alliance for Progress program in Latin America. Some of his critics felt that he had ignored or at least seriously underestimated the importance of the supply side of the personnel and contracting picture -- the marshalling and strengthening of the resources of the United States for international development.

Sacrifices had been made by the Task Force and the Administration to the requirements of Congressional presentation and consideration. Social aspects of foreign aid were underplayed in part because they were not considered especially saleable politically and in part because

the Task Force and the Administration was heavily weighted in the economic direction. The separation of military and economic aid legislation was abandoned on the same political altar.

In the long run, the work of the Task Force could only be judged by the extent to which the Administration could accomplish its objectives. The Task Force did provide the Administration with most of what it wanted: a step toward new legislation, new organization, and a new program, and some flexibility in obtaining new personnel, at least at higher levels. Whether the Congressional victory would be won and reorganization would be implemented depended on future events. Meanwhile, the Task Force technique had at least kept the door open for future changes, even though the cost was delay and lowered morale of personnel working in foreign aid agencies.