

# THE FOREIGN ASSISTANCE PROGRAM



## Some Basic Data

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*During World War II, and in the years since the end of that global and massive conflict, the United States has conducted economic and military assistance programs, recognizing that her own security depends in large measure on the strength of other free nations. These assistance programs, to a considerable degree, have become matters of necessity rather than matters of choice, because the United States is faced with awesome uncertainties in a dangerous and turbulent world.*

*What follows, then, is a collection of basic data on the American foreign assistance program since the adoption of the Lend-Lease Program on 11 March 1941. This basic data is just that; it does not comprise an article in the usual sense of the word. Presented here in summary form, though, the data should prove a useful reference tool.*

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**PART 1**

**CHRONOLOGY OF FOREIGN ASSISTANCE AGENCIES AND ADMINISTRATORS**

**Lend-Lease 1941**

Authorized in March 1941 under Public Law 11, 77th Congress. Its functions were first conducted in the Executive Office of the President under the direction of Harry L. Hopkins, as part of the Division of Defense Aid Reports, from May to October.

**Lend-Lease Administration  
1941-45**

This office, established in October 1941, was directed by Edward R. Stettinius, Jr., until 1943, when he became Under Secretary of State.

**The Foreign Economic  
Administration (FEA) 1943-45**

FEA, created in 1943 to supervise a number of wartime activities, was given the function of running lend-lease under the direction of Leo T. Crowley. This continued until the termination of the FEA in 1945, when several of its functions, including the task of winding up the work of the Lend-Lease Administration, were transferred to the State Department.

**United Nations Relief and  
Rehabilitation Agency  
(UNRRA) 1943-48**

A multinational agency set up by an international agreement signed at Washington in November 1943. Three US citizens followed one another as the Administrators, former Governor Herbert H. Lehman, former Mayor Fiorello H. La Guardia, and Major General Lowell W. Rooks. US participation was authorized by Public Law 267, 78th Congress, on 28 March 1944 and was carried on by the FEA under Leo T. Crowley. After the termination of FEA in 1945, US participation in UNRRA was directed by the State Department until UNRRA expired on 30 September 1948.

**Greek-Turkish Aid 1947-48**

Authorized by Public Law 75, 80th Congress, on 22 May 1947. The Coordinator for Aid to Greece and Turkey, George C. McGhee, was in charge of Greek-Turkish aid. He functioned within the State Department until the summer of 1948 when the economic assistance parts of Greek-Turkish aid were merged into the Marshall plan. The military parts were administered after 1948 by the Mutual Defense Assistance Program.

**Marshall Plan Economic  
Cooperation Administration  
(ECA) 1948-51**

Public Law 472, 80th Congress, passed in April 1948 as the Foreign Assistance Act of 1948, contained as Title I the Economic Cooperation Act of 1948. The Administrator of the Economic Cooperation Administration from April 1948 to September 1950 was Paul G. Hoffman. He was succeeded by William C. Foster, until the termination of the ECA in September 1951. The European Recovery Program (ERP) was a part of the ECA and was popularly known as the Marshall plan.

**Mutual Defense Assistance  
Program (MDAP) 1949-51**

The Mutual Defense Assistance Act of 1949 placed the responsibility for the administration of military assistance on the Secretary of Defense. The officer designated to perform these duties in 1950 and 1951 was General J. H. Burns, Assistant to the Secretary.

**Technical Cooperation  
Administration (TCA) 1950-53**

The Act for International Development created the Technical Cooperation Administration (TCA) in June 1950. It was administered first by Harry Bennett, from 1950 to December 1951; then by Stanley Andrews, until December 1952. TCA later became a part of the Mutual Security Administration (MSA).

**Mutual Security Agency  
(MSA) 1951-53**

Created by the Mutual Security Act of October 1951, the first MSA Director was W. Averell Harriman, from its creation until January 1953, when he was replaced by Harold E. Stassen who held office from January to 31 July 1953. The MSA brought technical, economic, and military assistance under one person for policy coordination.

## ASSISTANCE PROGRAM

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### Military Assistance Program (MAP) 1951-19—

Congress replaced the Mutual Defense Assistance Act of 1949 by the Mutual Security Act of 1951, which was later repealed by the Mutual Security Act of 1954. These laws and their amendments vested in the Secretary of the Department of Defense the responsibility for the execution of the Military Assistance Program (MAP). The person designated to perform these duties is the Assistant Secretary of the Department of Defense for International Security Affairs. This post was held by Frank Nash from 1951 to 1954, by H. Struve Hensel in 1955, Gordon Gray in 1956 and 1957, by Mansfield D. Sprague in 1958, and by John N. Irwin II from 1958 to 1961. With the advent of the Kennedy administration, the Assistant Secretary from 1961 to 1962 was Paul H. Nitze. In 1963 William P. Bundy was appointed, to be followed in 1964 by John McNaughton. Public Law 634 of 7 October 1964 appropriated for military assistance a little over one billion dollars.

### Foreign Operations Administration (FOA) 1953-55

In August 1953 the FOA replaced the MSA for economic aid and took over some technical assistance programs from the State Department. Harold Stassen was director of FOA until June 1955, with direct responsibility to the President. The Department of Defense continued to administer military assistance, maintaining policy coordination with the Director of FOA.

### Food for Peace 1954-19—

The Agricultural Trade Development and Assistance Act of 1954 (generally referred to as Public Law 480) gave congressional authorization for the sale abroad of specified surplus agricultural commodities, for dollars, and for foreign currencies. By Public Law 480, its amendments, and several Executive orders, the Departments of Agriculture, State, and Treasury, the Bureau of the Budget, and the Agency for International Development (AID) have various responsibilities under the Food for Peace programs. The necessity for constant interdepartmental coordination caused President John F. Kennedy in 1961 to designate George McGovern as Director, Food for Peace. He was replaced in

1963 by Richard W. Reuter. Less formal coordination over surplus disposal (not then called Food for Peace during the Eisenhower regime) was the duty first of Clarence Francis and then of Harold Paarlberg, Special Assistants in the White House. Public Law 88-638 of 8 October 1964 provided foreign currency sales of 2.7 billion dollars for calendar years 1965 and 1966, and 400 million dollars for each year for food donations. By 1964 sales had reached 12.5 billion dollars at world market prices (20 billion dollars at Commodity Credit Corporation costs) of wheat, cotton, tobacco, rice, corn, soya beans, and other surpluses.

International Cooperation  
Administration (ICA) 1955-61

After the passage of the Mutual Security Act of 1954, the President created in 1955 the semiautonomous ICA within the State Department. John B. Hollister became Director of ICA, followed in 1957 by James H. Smith who was succeeded in January 1959 by James W. Riddleberger. Henry R. Labouisse was Director from March to September 1961, when ICA was superseded by AID. The remnants of a subordinate part of ICA, that is, the Institute of Inter-American Affairs (IIAA) which ICA had inherited from FOA, also became a part of AID. In 1961 the ICA staff numbered 6,478 US citizens (4,466 overseas), 4,600 foreign nationals, and 1,778 persons employed by US contractors paid from ICA program funds.

Development Loan Fund  
(DLF) 1958-61

Legislation creating this agency and appropriations for its operation were requested by President Dwight D. Eisenhower, and were authorized by Congress. The Mutual Security Act of 1958 declared the DLF to be a wholly owned Government corporation, and removed it from the ICA where it had been located. The Fund had a Board of Directors including the Under Secretary of State, the Managing Director of the Fund, the Chairman of the Board of Directors of the Export-Import Bank, and the US Executive Director of the International Bank for Reconstruction and Development (IBRD). From the time it began operations in January 1958 until 1959, the Managing Director was

Dempster McIntosh; he was followed by Vance Brand until February 1961. From February to September 1961 until the amalgamation of DLF into AID, Frank M. Coffin was the Director.

### Agency for International Development (AID) 1961-19—

Established by the Foreign Assistance Act of 1961, passed on 4 September 1961 as Public Law 195, 87th Congress, at the request of President Kennedy, AID was placed within the Department of State. AID absorbed the DLF and the ICA. Henry R. Labouisse, the Director of ICA, was designated Acting Director of AID early in September 1961. He was replaced on 30 September 1961 by Fowler Hamilton, a New York attorney. Mr. Hamilton was succeeded, in turn, in December 1962 by David E. Bell who had previously served as Director of the Bureau of the Budget. Public Law 634 of 7 October 1964 appropriated over one billion dollars for AID in addition to appropriations for MAP, the Alliance for Progress, and large sums for the Export-Import Bank, Inter-American Development Bank, and the International Development Association (IDA).

### The Peace Corps 1961-19—

Created by President Kennedy by Executive Order on 1 March 1961, Congress on 22 September 1961 passed the Peace Corps Act. R. Sargent Shriver was appointed Director of the Peace Corps in 1961. The Director is subject to policy guidance of the Secretary of State. Public Law 634 of the 88th Congress, approved 7 October 1964, appropriated for the 1965 Fiscal Year 87 million dollars of new funds and 17 million dollars of previously authorized funds for the continuance and expansion of the Peace Corps.

### Alliance for Progress 1961-19—

President Lyndon B. Johnson in December 1963 appointed Thomas C. Mann to be Assistant Secretary of State for Inter-American Affairs, and Coordinator for the Alliance for Progress, as well as Special Assistant to the President for Latin-American Affairs. The Latin-American Bureau of AID was closely integrated with Mr. Mann's State Department staff. Teodoro Moscoso,

the previous US Coordinator for the Alliance for Progress, who had functioned within AID, was designated on 3 January 1964 to be the US member of the International Committee for the Alliance for Progress (CIAP). In May 1964 Mr. Moscoso was superseded in that position by Walt W. Rostow, Counselor of the Department of State and Chairman of the State Department's Planning Council. Mr. Mann's Deputy US Coordinator for the Alliance for Progress is William D. Rogers of AID. Mr. Rostow's Deputy as member of the CIAP is Milton Barrall, a career Foreign Service officer.

The act of 7 October 1964 appropriated approximately 510 million dollars to the alliance for development loans and grants and some 206 million dollars for the first installment on increased capital stock of the Inter-American Development Bank.

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## **PART 2**

### **US FOREIGN AID EXTENDED THROUGH BANKING INSTITUTIONS**

The Export-Import Bank of  
Washington 1945-19—

Created by Congress in 1933 and reorganized in 1945, the Export-Import Bank of Washington finances and ensures the financing by commercial banks of US exports of goods and services. For these purposes the Bank has loaned over 11 billion dollars. It is a Government-owned corporation. Its Directors are Government officials in various Departments; its President is Harold F. Linder. By law it is authorized to borrow from the US Treasury up to six billion dollars. At the end of Fiscal Year 1964, the Bank had uncommitted lending authority of three and a half billion dollars. One billion dollars of credits and insurance were issued by the Bank in the last half of Fiscal Year 1964. Almost another billion and a half dollars were authorized by Congress in an appropriation act passed in October 1964.

## ASSISTANCE PROGRAM

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### International Bank for Reconstruction and Development (IBRD) 1946-19—

The World Bank came into operation in June 1946 with a membership of 44 countries and at the end of 1964 had 102. As its official name indicates, a prime purpose was to finance postwar rebuilding. Its first loans were granted in 1947 for that purpose in Western Europe. Its loans require a guarantee by the borrower's government. Subsequently, the Bank made loans to assist the growth of less-developed countries. Most of its credits, for long terms, are for power, transportation, industry, and agriculture. Repayment is guaranteed by the government of the borrower. The Bank's total assets at the end of Fiscal Year 1964 were seven billion dollars. The amount of outstanding loans was five billion dollars. The United States by congressional appropriation has contributed 6.35 billion dollars to the Bank's capital and has 24.86 percent of the voting power in the Bank's management. The Bank has sold its own securities to raise more funds for lending purposes. Its Presidents have been US citizens, that is, Eugene Meyer during 1946, John J. McCloy 1947-49, Eugene R. Black 1949-63, and, since 1963, George D. Woods. The US member of the Board of Governors is Secretary of Treasury Douglas Dillon. By September 1964 the Bank had loaned eight billion dollars for 750 projects in 73 countries. In October 1964 the first loan for an educational project was announced: six million dollars to the University of the Philippines.

### International Monetary Fund (IMF) 1946-19—

At the same time as the creation of the World Bank in 1946, operations began for the IMF with 38 member governments. Contrasted to the purpose of the Bank's economic and development function, the Fund's purpose is to facilitate international trade, promote monetary collaboration, and assist in stabilizing the international exchange of currencies, including loans (drawdowns) of different currencies to members. Members agree not to change the value of their currencies without consulting the Fund. Drawdowns may be needed because of cyclical trade patterns, because of natural disasters, or as the consequence of budgetary or trade policies. The IMF had 102 members in 1964

after the withdrawal of Cuba, and a staff of 600. The IMF has assets of 16 billion dollars in gold and currencies, of which 4.3 billion dollars is the US quota. The US has 23.1 percent of the voting power in the Fund. The first Managing Director of the Fund was Camille Gutt of Belgium (1946-51). He was succeeded by Ivan Rooth of Sweden (1951-56), then by P. Jacobson of Sweden (1957-61). The present Managing Director is Pierre-Paul Schweitzer; the Deputy is Frank A. Southard, a citizen of the United States. Currency drawdowns exceeding 7.5 billion dollars have been used by the Fund's members, and 5.3 billion dollars have been returned to the Fund.

International Finance  
Corporation (IFC) 1956-19—

In order to deal with borrowers, without government guarantees (required by the World Bank), in 1956 the IFC was created as an autonomous international institution to stimulate productive private enterprise in developing countries, including equity investments (purchase of shares). IFC membership is open only to World Bank members; the Boards of Directors of the two are almost identical. There are 78 members of the IFC. Many IFC loans are for half of the cost of a project, the remainder coming from private capital. IFC total assets are 130 million dollars. The amount of loan commitments is 111 million dollars. The United States subscribed 35 million dollars to IFC capital stock. The United States has 29.9 percent of the voting power. The Presidents of IFC are Robert L. Garner 1956-63 and, since 1963, George D. Woods.

International Development  
Association (IDA) 1960-19—

At the initiative of the United States, in 1960 another organization, IDA, was created to promote economic development by providing capital on more flexible terms. Loans may be made by IDA with many years for repayment, low or no interest charges, and repayments in local currencies. Industrialized nations with freely convertible currencies have subscribed most of the capital; a second category of member governments makes smaller subscriptions, each in its own currency. The total assets of IDA at the end

of Fiscal Year 1964 amounted to 1.2 billion dollars, of which the United States had paid in 320 million dollars in subscribed capital, including 61 million dollars appropriated in October 1964. The United States has 26.46 percent of the voting power. IDA has made loans amounting to 583 million dollars to over 20 countries on 50-year terms, interest free. The President of IDA is George D. Woods. The US member of the Board of Governors is Secretary of Treasury Douglas Dillon. IDA has 93 members.

### Inter-American Development Bank (IDB) 1959-19—

Legislation for US membership in the IDB was adopted in 1959. Authorization for the US share in the Bank's capital was given by Congress in 1959, and in October 1960 the Bank started operations, prior to the adoption of the Charter of the Alliance for Progress. US funds were placed at the disposal of the Bank in 1961 through a contractual arrangement specifying the purposes for which the funds could be used and by creating a Social Progress Fund within the Bank. By the end of 1964 the Bank had originally authorized capital of 813 million dollars, of which 350 million dollars was the US quota. The United States has a 41.8 percent vote on the Board of Directors. The President of the Bank is Felipe Herrera, a citizen of Chile. The Executive Vice President is T. Graydon Upton of the United States. An additional 206 million dollars were appropriated by the US Congress in October 1964 for the Bank's capital, which the Bank had authorized to be increased by one billion dollars. By the Fall of 1964 the Bank had made more than 230 loans amounting to more than one billion dollars. To add to its working capital, the Bank, since 1960, has successfully floated six issues of its own securities—totaling more than 270 million dollars—in the United States, Canada, and Europe. The Social Progress Fund can be used for sanitation, housing, transportation, land settlement, and educational projects. Other capital funds are used for these and other purposes, including industrial housing and agricultural projects. The Bank floated another 100 million-dollar bond issue at four and one-half percent interest for 20 years in the United States at the end of October 1964.

**The Central American Bank  
for Economic Integration  
1960-19—**

With an original authorized capital of 16 million dollars, increased to 20 million dollars with Costa Rica's accession, Honduras, Nicaragua, El Salvador, and Guatemala created the Central American Bank in 1960. It received a grant of three million dollars from AID plus a loan of six million dollars from the Inter-American Bank at Washington. The Central American Bank's first credits were for agricultural and industrial enterprises. By 1964, eleven million dollars in loans for over 30 projects had been made. The President is Enrique Delgado (El Salvador) and the Vice President is Agustin Gutierrez (Costa Rica).

- NOTES: 1. The headquarters of the Export-Import Bank and of the IBRD, IDA, IFC, IMF, and IDB are all in Washington, D. C. The Central American Bank is in Tegucigalpa, Honduras.
2. Communist states are not members of these organizations, except Yugoslavia who is a member of IBRD and IDA.
3. Publications, including annual reports, are available at the Washington offices.
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